



FRANCHISE DISCLOSURE DOCUMENT 911 RESTORATION FRANCHISE INC.

A California corporation
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911 Restoration Franchise Inc., a California corporation, offers franchises for 911 Restoration emergency response service businesses which provide emergency clean-up from fire damage, water damage, mold damage and mold inspections, carpet cleaning, duct cleaning and crawl space cleaning. We offer the rights for 3 different franchises in this Disclosure Document:

Traditional Franchise Program. Under the Traditional Franchise Program, you will sign a Franchise Agreement to operate a new 911 Restoration business in a geographic territory with a population of approximately 250,000 to 350,000 people. The total investment necessary to begin operation of a Traditional Franchise is \$167,700.00 to \$334,000.00. This includes \$61,500 to \$72,500 that must be paid to the franchisor.

Conversion Franchise Program. Under the Conversion Franchise Program, you will sign a Franchise Agreement to obtain the right to convert an existing emergency response service business or a related business to a 911 Restoration business in a geographic territory with a population of approximately 250,000 to 350,000 people. The total investment necessary to begin operation of a conversion franchise is \$167,700.00 to \$334,000.00. This includes \$61,500 to \$72,500 that must be paid to the franchisor.

Micro-Market Franchise Program. Under the Micro-Market Franchise Program, you will sign a Franchise Agreement to operate a new 911 Restoration business in a geographic territory with a population of approximately 100,000 to 249,999 people. The total investment necessary to begin operation of a Micro-Market Franchise is \$135,200.00 to \$296,000.00. This includes \$41,500 to \$52,500 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Miri Offir in our Franchise Department at 7721 Densmore Avenue, Van Nuys, California 91406; telephone: (818) 373-4880; miri@911restoration.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade

Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS JUNE 11, 2026

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only 911 Restoration business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a 911 Restoration franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration only in California. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in California than in your own state.
2. **Financial Condition.** The franchisor's financial condition as reflected in the financial statements (see Item 21) calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

911 Restoration Franchise Inc. (referred to in this Disclosure Document as “**911 Restoration**,” “**we**,” “**us**,” or “**our**”) was formed as a California corporation on March 15, 2007. Our principal place of business is 7721 Densmore Avenue, Van Nuys, California 91406, and we do business under our corporate name and the Marks as described below. We do not do business or intend to do business under any other name. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “**you**,” “**your**,” or “**franchisee**,” and includes all franchise owners and partners, if you are a corporation, partnership or other entity. Our agents for service of process are disclosed in **Exhibit A**.

We have not offered franchises in any other line of business, and we do not engage in any other business activity, other than that we are the designated supplier for logoed shirts and promotional materials for our franchisees. We operate a business of the type being franchised as disclosed in Item 20. We began offering franchises in 2007.

Our Parents, Predecessors and Affiliates

We have no parents, predecessors or affiliates.

The Franchise

The “**Franchised Business**,” as described below, is established and operated under a comprehensive and distinctive system (the “**System**”). Our System includes programs for sales promotion, advertising programs, franchisee training, business administration, business operations methods, standards, product specifications, proprietary products, proprietary marks, confidential information, and other procedures and methods related to the operation of the Franchised Business, all of which may be changed, improved, modified, supplemented and further developed by us at our sole discretion from time to time. Certain aspects of the System are more fully described in this Disclosure Document and in the Confidential Operations Manual (the “**Manual**”), which you should expect to evolve over time and to which you are granted access when you become our franchisee.

The Franchised Business provides emergency clean-up of fire damage, water damage, mold damage, sanitization services, construction, insulation and mold inspections, carpet cleaning, duct cleaning and crawl space cleaning under the name and mark “**911 Restoration**”. The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark “**911 Restoration**”, together with other trade names, service marks, trademarks, logos, emblems and indicia of origin which are now designated and may in the future be designated by us in writing for use with the System (the “**Marks**” or “**Proprietary Marks**”), as further described in Item 13. Our franchisees are often people or businesses that are already in similar businesses who will convert their existing businesses to Franchised Businesses, although some franchisees have no experience in these industries at all prior to becoming franchisees. We estimate that you will need approximately 1,000 square feet of warehouse space and 300 square feet of office space for your Franchised Business. Your office and warehouse must be located within the territory you purchase for your franchise. You will be called upon to provide the services that our System offers and you must respond accordingly. Your clients may include retailers, commercial real estate managers/owners, homeowners, property managers, insurance companies, or others that are responsible for real property maintenance. You are required to operate

your business 24/7/365, including holidays, as the nature of the services provided often necessitates immediate response at any time, including in the middle of the night.

Franchisor or its affiliates may develop and offer Optional Programs in the future. You may also choose to participate in any of these Optional Programs by executing an Addendum to your Franchise Agreement, although we reserve the right, in our sole discretion, to make any Optional Program mandatory for all franchisees if we determine it is necessary or desirable for the System's competitive position, development, success, or uniformity, but additional fees, training and other qualifications may be required. In addition, your election to participate in an Optional Program may affect your requirements for inventory, equipment, supplies, personnel and operating capital.

We offer 3 separate franchises in this Disclosure Document, although we may not necessarily grant you the opportunity to purchase under any of these programs.

"Traditional Franchises" are offered to qualified candidates who are not currently operating a business similar or related to a Franchised Business. If you purchase a Traditional Franchise, you will sign our Franchise Agreement (**"Exhibit B"**) to own and operate a Franchised Business in an assigned territory (a **"Territory"**).

"Conversion Franchises" are offered to qualified candidates who are currently operating a business similar or related to a Franchised Business and who wish to convert their existing business into a Franchised Business for an assigned Territory. If you purchase a Conversion Franchise, you will sign our Franchise Agreement and our Conversion Addendum in the form attached as Exhibit G to the Franchise Agreement. Your existing business's average annual gross revenue for the 3 prior years must exceed \$250,000 to qualify to purchase a Conversion Franchise.

"Micro-Market Franchises" are offered to qualified candidates who desire to operate a Franchised Business in a smaller Territory than the Territories for Traditional Franchises and Conversion Franchises. If you purchase a Micro-Market Franchise, you will sign our Franchise Agreement for your Territory.

"Multiple Franchise Ownership" opportunities are offered to qualified candidates who desire to operate more than one Franchised Business. The number of franchises that can be operated by any one Franchise Owner varies and is determined by us, the Franchisor. As a Multiple Franchise Owner, we allow consolidation of certain operating fees when the individual franchise territories are operated from one office and the territories are contiguous geographically. The number of franchises that can be operated under one branch office vary according to market and will be determined by the Franchisor. References in this Disclosure Document to **"Franchised Business"** and **"Franchised Businesses"** include **"Traditional Franchises," "Conversion Franchises," "Micro-Market Franchises,"** and **"Multiple Franchise Ownership"** unless otherwise stated.

Competition and Market

The market for emergency restoration and cleaning services is mature. You will offer "restoration services" to residential and commercial clients who have experienced damage due to fire, water, mold, etc., and you will provide sanitization services and routine carpet and air duct cleaning services air duct cleaning, crawl space, insulation and/or fire/smoke damage abatement, trauma cleaning, hazardous, asbestos abatement, water mitigation, mold remediation, sanitization, janitorial services, content pack out and in, storage services, and/or crawl space cleaning. to your clients. You may also provide "non-restoration" services that include, by way of example and not limitation, board-up, carpet cleaning, construction, repair, roofing, remodeling or reconstruction services regardless of the origin of such

services. These services are available on a 24-hour basis and may be considered seasonal in some areas. You may also be interacting with insurance companies for these emergency services.

You will compete with small companies and national companies offering emergency restoration and cleaning services, which includes competing franchises such as SERVPRO and ServiceMaster.

Industry Specific Laws

You must comply with any state or local licensing or regulatory requirements that may apply to the Franchised Business, which may include obtaining a contractor's license or mold remediation license. You must meet all applicable local, state, and Federal contracting laws that may apply to the Franchised Business. You should seek counsel or contact your state and local agencies for detailed information about applicable laws and regulations. There may be other laws of general applicability that could impact your operation.

During the term of your Franchised Business, you must comply with the guidelines and specifications set by the Institute of Inspection, Cleaning and Restoration Certification ("IICRC"). Failure to adhere to these guidelines and specifications may result in you being required to re-take the IICRC course, as determined at our sole discretion. More about the IICRC can be found at www.iicrc.org.

ITEM 2 BUSINESS EXPERIENCE

Founder and Chairman– Idan Shpizear

Mr. Shpizear is our Founder and has served in that role since March 2007 and was our Chief Executive Officer from June 2014 to June 2022. He has been our Chairman from June 2022 through the present. Mr. Shpizear was also our Co-Chairman from March 2007 until June 2014.

Chief Executive Officer and Secretary – Miri Offir

Ms. Offir is our Chief Executive Officer and corporate secretary and has served in that role since June 2022. From August 2019 to June 2022, Ms. Offir served as our Chief Operating Officer.

Director of Franchise Development - Dan Atchison

Daniel Atchison is Senior Director of Franchise Development and has been in that role since January 2023. From February 2022 to December of 2022, Mr. Atchison served as Senior Director of Franchise Development for Aire Serv Heating & Air Conditioning in Waco, TX. From January 2017 to January 2022, Dan served as our Director of Franchise Development.

Director of Client Services – Richard Ortiz Jr.

Richard Ortiz is our Director of Client Services and has served in that role since July 2020.

Director, Sales and Marketing – Tammy Biggerstaff

Tammy Biggerstaff is our Director, Sales and Marketing and has served in that role since March 2023. Prior to March 2023, she was a Director, National accounts and a sales coach at Restoration 1 Franchise, located in Tampa, Florida from Jan 2019 to March 2023.

Director of Franchise Development – Jeff Yosha

Jeff Yosha is our Director of Franchise Development and has served in that role since January 2026. Prior to that from November 2024 until December 2025, he was the Director of Franchise Development for Belfor Franchise Group in Ann Arbor, Michigan, and from September 2023 until February 2024, he served as Vice President of Franchise Development for BrandONE in Charlotte, North Carolina. From March 2023 until August 2023, he was the Director of Franchise Development for Rolling Suds in Hermitage, Tennessee. From January 2020 until February 2022, he was the Director of Franchise Sales for Mosquito Authority in North Carolina.

ITEM 3 LITIGATION

Pending Actions:

911 Restoration Franchise, Inc. v. Clarketon Restoration, Inc., Jordan Clarke, et al., Los Angeles County Superior Court Case No. 26STCV12793 (filed April 21, 2026). We initiated this action against our former franchisee asserting claims for Breach of Franchise Agreements, Breach of Guaranty Agreements, Specific Performance, Accounting, and Declaratory Relief. On June 8, 2026, Jordan Clarke and Clarketon Restoration, Inc. filed a cross complaint against us and Demor Enterprises, Inc., Roni Dahar, Salome Dahar, et al. alleging claims for Violation of California Corporations Code §§ 31300–31302, Breach of Franchise Agreement (Violation of Territory Protection), Breach of Franchise Agreement (Unreasonable Withholding of Consent), and Fraudulent Misrepresentation (Inaccurate Revenue Information). The cross-complaint seeks monetary damages, as well as costs and interest. A case management conference has been set in this case for September 1, 2026.

911 Restoration Franchise, Inc. V. Richard F. Snyder and Jarcelyn Snyder. Los Angeles County Superior Court Case No. 25STCV34476 filed November 24, 2025. We filed suit against our former franchisee for Breach of Contract.

911 Restoration Franchise, Inc. V. Rodney Bell, Keith Goodman, Martez Connor, et al. Los Angeles County Superior Court Case No. 26STCV03771 filed February 4, 2026. We filed suit against our former franchisee for Breach of Contract and an Accounting.

Prior Actions:

911 Restoration Franchise, Inc. vs. Itzhak Cohen, Igal Cohen, Tomer Feldman and Does 1-25. (No. 20ST-CV-33091 (Cal. Super. Filed August 28, 2020). We filed suit against our franchisees Itzhak Cohen, Igal Cohen and Tomer Feldman (collectively, the “Defendants”) for breach of contract, fraud, and unfair and fraudulent business acts and practices. On December 9, 2020, the matter was settled out of court wherein the Defendants were required to cease operating their franchised business as of December 31, 2020, we were permitted to offer Defendants franchise for sale, we agreed to pay to Defendants an amount between \$200,000 and \$400,000, Defendants agreed not to compete with us or solicit any national or regional accounts through December 31, 2021. In December 2022, we entered into a confidential superseding settlement agreement with Defendants agreeing to a reduced settlement.

Donald Burrell, April Burrell and 911 Restoration of Baltimore, Inc. vs. 911 Restoration Franchise, Inc., Idan Shpizear, Peleg Lindenberg and Shay Kalmanovich. (AAA Case No. 01-20-0000-4384) On February 6, 2020, 911 Restoration of Baltimore, Inc., and its owners, Donald Burrell and April Burrell (collectively “Claimants”), filed a demand for arbitration against us, Idan Shpizear, Peleg Lindenberg and Shay Kalmanovich (collectively “Respondents”) claiming violation of the Maryland Franchise Act, detrimental reliance, unjust enrichment, quantum meruit, intentional misrepresentation, negligent

misrepresentation and seeking damages of \$500,000 along with attorneys' fees, interest and costs. On April 23, 2020, Respondents filed a counterclaim against Claimants alleging breach of contract, trademark infringement, tortious interference and unjust enrichment. On October 15, 2020, the American Arbitration Association terminated the proceedings in this matter because neither Claimant nor Respondent had made the required deposits.

State of California. On September 17, 2014, the Company filed a franchise registration application with the California Department of Business Oversight ("**DBO**") in which the Company acknowledged the sale of 8 unregistered franchises in the State of California in violation of the California Franchise Investment Law (the "**California Law**"). The DBO required the Company to submit a Notice of Violation to the DBO for approval, which the Company filed on February 12, 2015, advising the 8 California franchisees that they had the right to demand rescission of their Franchise Agreements or bring actions against the Company for rescission within 90 days after receipt of the Notice. The DBO approved the Notice of Violation on May 13, 2015 and the Notices of Violation were sent to the California franchisees. None of the California franchisees requested rescission of their Franchise Agreements or filed actions against the Company and are now barred by California Law from doing so.

State of Illinois. On June 20, 2014, the Company filed a franchise registration application with the Illinois Office of Attorney General ("**OAG**"). On July 18, 2014, the Company acknowledged to the OAG that the Company sold one franchise in Illinois in violation of the Illinois Franchise Disclosure Act (the "**Illinois Law**"). The OAG required the Company to deliver a Notice of Violation to the Company's Illinois franchisee notifying the franchisee that it had the right to demand rescission of the Franchise Agreement or bring an action against the Company for rescission within 90 days after receipt of the Notice. The Notice of Violation was sent to the Illinois franchisee. The Illinois franchisee did not request rescission of its Franchise Agreement or file an action against the Company and is now barred by Illinois Law from doing so.

State of Maryland Determination, Case Number 2014-0354. Following the Company's filing of a franchise registration application with the Maryland Office of the Attorney General on June 23, 2014, the Attorney General's Office alleged that in February 2012 the Company offered and sold a franchise in Baltimore, Maryland before the Company had an effective franchise registration in Maryland in violation of the Maryland Franchise and Disclosure Law (the "**Maryland Law**"). On October 27, 2014, the Company voluntarily entered into a Consent Order with the Attorney General (the "**2014 Maryland Consent Order**") and agreed (i) to cease and desist from the offer and sale of franchises in violation of Maryland Law; (ii) to diligently pursue the completion of the Company's application for registration of the Company's franchise offering in Maryland; (iii) to send the Company's Maryland franchisee a copy of the Consent Order and the Company's Franchise Disclosure Document once it was registered; and (iv) to offer the Maryland franchisee an opportunity to rescind its Franchise Agreement with the Company and, if rescission was accepted, to make the rescission payments to the Maryland franchisee within 30 days of its acceptance of the offer to rescind. The Company subsequently sent a copy of the Consent Order and the Company's Franchise Disclosure Document to the Maryland franchisee. The Maryland franchisee did not request rescission of its Franchise Agreement or file an action against the Company and is now barred by Maryland law from doing so. The Attorney General's Office also required the Company's Chief Executive Officer and Chief Operations Officer to complete a Franchise Sales & Compliance Program. The Company's Chief Executive Officer completed the Franchise Sales & Compliance Program on March 6, 2015 and the Company's Chief Operations Officer completed the Franchise Sales & Compliance Program on March 9, 2015.

State of Maryland Determination, Case Number 2016-0330. In July 2016, the Maryland Office of the Attorney General alleged that we failed to comply with the 2014 Maryland Consent Order because we did not send our Maryland franchisee a notice of rescission as required by the 2014 Maryland Consent

Order in violation of Maryland Law. On February 10, 2017, the Company voluntarily entered into a Consent Order with the Attorney General (the “**2016 Maryland Consent Order**”) and agreed (i) to cease and desist from the offer and sale of franchises in violation of Maryland Law; (ii) to send the Maryland franchisee a copy of our current Franchise Disclosure Document; (iii) to send the Maryland franchisee a rescission offer in the form approved by the Attorney General notifying the Maryland franchisee that the Maryland Franchisee was being given an opportunity to rescind his franchise agreement; and (iv) to make the rescission payments to the Maryland franchisee within 30 days of its acceptance of the offer to rescind if the Maryland franchisee accepted our rescission offer. The Maryland franchisee accepted our rescission offer.

State of Washington Determination, Order Number S-14-1576-15-CO01. Following the filing of a franchise registration application with the Washington Department of Financial Institutions, Securities Division, on September 18, 2014, the Department of Financial Institutions alleged that the Company offered and sold a franchise in Washington in February 2009 before the Company had an effective franchise registration in Washington in violation of the Franchise Investment Protection Act of Washington (the “**Washington Law**”). On February 25, 2015, the Company voluntarily entered into a Consent Order with the Department of Financial Institutions, without admitting or denying the Department’s allegations, and the Company agreed to cease and desist from offering or selling franchises in violation of the Washington Law, from violating the Company’s disclosure obligations under the Washington Law and from violating the anti-fraud provisions of the Washington Law, and paid the Department of Financial Institutions \$1,000 for its expenses incurred in investigating the alleged violations of Washington Law.

State of Washington Determination, Order Number S-20-2971-CO01. Following the renewal of a franchise registration application with the Washington Department of Financial Institutions, Securities Division, on August 7, 2019, the Franchisor emailed a franchise disclosure document to 2 residents of Washington using an outdated version of the franchise disclosure document. Subsequently, on November 28, 2019 and November 29, 2019, Franchisor executed franchise agreements with said Washington residents. In July 2020, Franchisor self-reported its violation of the Franchise Investment Protection Act of Washington, and subsequently provided additional information and documents to the Securities Division. On October 21, 2020, Franchisor voluntarily entered into a Consent Order with the Department of Financial Institutions and agreed to cease and desist from offering or selling franchises in violation of the Washington Law and paid the Department of Financial Institutions \$2,000 for its expenses incurred in investigating the alleged violations of Washington Law.

Virginia Investigation, Case No. SEC-2015-00043. On March 10, 2015, the Company received a letter from the Virginia State Corporation Commission, Division of Securities and Retail Franchising, stating that it was investigating the Company’s potential violations of the Virginia Retail Franchising Act (the “**Act**”). On November 19, 2015, the Company voluntarily entered into a Settlement Order with the Virginia State Corporation Commission and agreed (i) to pay the Treasurer of Virginia \$5,000 in monetary penalties; (ii) to pay the Treasurer of Virginia \$2,000 to defray the costs of its investigation; (iii) to provide a copy of the Settlement Order to current Virginia franchisees by certified mail; (iv) to provide certified mail receipts to the Division as evidence of the Virginia franchisees’ receipt of the Settlement Order within 60 days of the entry of the Settlement Order; and (v) that the Company will not violate the Act in the future. The Company subsequently sent copies of the Settlement Order to the Virginia franchisees and thereafter provided the Division with certified mail receipts as evidence of the Virginia franchisees’ receipt of the Settlement Order within 60 days of the entry of the Settlement Order. The Virginia franchisees did not respond to the Company following their receipt of the Settlement Order.

Other than these actions, no litigation is required to be disclosed in this disclosure document.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us a non-refundable initial franchise fee (an “**Initial Franchise Fee**”) when you sign our Franchise Agreement. We have the right to offer a discounted Initial Franchise Fee from time to time. However, if in connection with your franchise you are obtaining a loan through the US Small Business Administration (“**SBA Loan**”), if your SBA Loan is not funded in full within 90 days after you sign your Franchise Agreement (the “**Funding Deadline**”), then we have the right, but not the obligation, to terminate your Franchise Agreement. If we exercise this right at the end of the Funding Deadline (as the same may be extended), then we will return to you 50% of any deposit actually paid by you towards the Initial Franchise Fee. If at the expiration of a Funding Deadline, your SBA Loan has not been fully funded, we may extend then-current Funding Deadline for such additional time as we determine appropriate in our sole discretion. Additionally, we reserve the right to continue to market your chosen territory for sale until your SBA loan is fully funded. If we sell your territory before your SBA Loan is fully funded, we will grant you the right to open in another territory. The right to make this extension is solely our right. You will sign our SBA Addendum (Exhibit I) if you are obtaining a SBA Loan in connection with your acquisition of the franchise.

Traditional Franchise. The Initial Franchise Fee for a Traditional Franchise is \$55,000 and is payable in accordance with the terms outlined above. The population in your Territory will range from approximately 250,000 to 350,000 people. We will assign your Territory when you sign your Franchise Agreement.

Conversion Franchise. The Initial Franchise Fee for a Conversion Franchise is \$55,000 and is payable in accordance with the terms outlined above. The population in your Territory will range from approximately 250,000 to 350,000 people. We will assign your Territory when you sign your Franchise Agreement.

Micro-Market Franchise. The Initial Franchise Fee for a Micro-Market Franchise is \$39,000 and is payable in accordance with the terms outlined above. The population in your Territory will range from approximately 100,000 to 249,999 people. We will assign your Territory when you sign your Franchise Agreement.

We generally determine the population in your Territory from the latest population estimates prepared by the U.S. Census Bureau; however, we may use other reliable third-party demographic data sources to determine population information.

Initial Training Fee

You must pay us a non-refundable initial training fee ranging from \$2,500 to \$3,500 (an “**Initial Training Fee**”) for 1 trainee at least thirty (30) days prior to the scheduled start date of our initial training program (the “**Initial Training Program**”). You must pay us a non-refundable Initial Training Fee ranging from \$500 to \$1,500 for each additional trainee, which is also due at least thirty (30) days prior to the scheduled

start date of the Initial Training Program. If you are an existing franchisee acquiring an additional Territory, you will not be required to attend or pay for our Initial Training Program.

Business Launch Fee

You must pay us a non-refundable business launch fee of \$10,000 (a “**Business Launch Fee**”) within thirty (30) days of signing the Franchise Agreement. The Business Launch Fee is payment for our guidance and assistance in the opening of your Franchised Business and marketing services in the Territory, which may include, at our discretion, email marketing, digital assets, brand awareness campaigns, and other promotional activities we deem appropriate.

Reduced Initial Fees for Purchase of Franchises for Multiple Individual Territories

In our discretion, we may award up to 3 franchises to qualified candidates for reduced Initial Franchise Fees. You must sign a separate Franchise Agreement for each franchise. In addition, franchise owners may also receive reduced per unit operating fees with regard to the technology fee, marketing investment requirements, and other expenses outlined in Item 7.

Purchases of Materials. As part of your initial inventory and operating supplies and computer system, before you attend New Franchise Owner training, you must purchase from us or our approved supplier logoed uniform apparel for you and your employees and promotional materials and printed marketing materials. We estimate the initial cost of these items will be \$5,000 to \$10,000 depending on the number of employees on your initial staff. This fee is non-refundable once paid.

Veteran’s Discount. We may reduce our initial franchise fee by 25% for the first Franchised Business purchased by a qualified veteran of the United States Armed Services if he or she (i) purchases the Franchised Business franchise individually or (ii) will own a majority interest in the entity that signs the Franchise Agreement as franchisee.

There are no other purchases from or payments to us that you must make before you open for business. No fee listed in this Item 5 is refundable.

Fees For Early Renewal

We may offer you the right to terminate an existing franchise agreement and sign a new franchise agreement. In lieu of the Initial Franchise Fee, Initial Training Fee, and Business Launch Fee, you will pay to us:

- (a) upon execution of the Franchise Agreement, the renewal fee required to be paid upon the renewal (or similar term) of the Existing Agreement; plus
- (b) a buyout fee (“Buyout Fee”) to be paid and calculated as follows:
 - (i) Standard Calculation (Franchisees Operating for Twelve (12) or More Months). For any Franchisee that has been operating under the Existing Agreement for a period of twelve (12) or more consecutive months as of the Effective Date, the Buyout Fee shall be calculated as follows: (1) Determine the total royalties actually paid by Franchisee to Franchisor for the twelve (12) month period immediately preceding the Effective Date, calculated at the royalty rates in effect under the Existing Agreement (the “Historical Royalty Amount”); (2) Recalculate the royalties that would have been payable by Franchisee for the same twelve (12) month period had the discounted royalty rates available to Franchisee under Exhibit I of the Franchise Agreement been in effect during such period, based on Franchisee’s actual Gross Revenue for such period (the “Discounted Royalty Amount”) (without combining or aggregating franchise

businesses operated out of the same location); (3) Subtract the Discounted Royalty Amount from the Historical Royalty Amount to determine the annualized royalty savings (the “Annual Savings”); (4) Multiply the Annual Savings by the number of full years remaining in the term of the Existing Agreement as of the Effective Date (the “Remaining Term”), to determine the total projected savings over the Remaining Term (the “Total Projected Savings”); and (5) The Buyout Fee shall equal one-third (1/3) of the Total Projected Savings.

By way of illustration only: if the Historical Royalty Amount is \$90,000 and the Discounted Royalty Amount is \$80,000, the Annual Savings is \$10,000. If the Remaining Term is three (3) years, the Total Projected Savings is \$30,000, and the Buyout Fee is \$10,000 (i.e., $\$30,000 \times 1/3$).

(ii) Short-History Calculation (Franchisees Operating for Fewer Than Twelve (12) Months). For any Franchisee that has been operating under the Existing Agreement for fewer than twelve (12) consecutive months as of the Effective Date, the Buyout Fee shall be calculated as follows: (1) Determine the average monthly royalties actually paid by Franchisee to Franchisor during all full calendar months of operation under the Existing Agreement prior to the Effective Date, calculated at the royalty rates in effect under the Existing Agreement (the “Average Monthly Royalty”); (2) Annualize the Average Monthly Royalty by multiplying it by twelve (12) to determine the projected annual royalty amount (the “Projected Annual Royalty”); (3) Recalculate the projected annual royalties that would have been payable by Franchisee had the discounted royalty rates available to Franchisee under Exhibit I of the Franchise Agreement been in effect, applied to the same annualized Gross Revenue base (the “Projected Discounted Annual Royalty”); (4) Subtract the Projected Discounted Annual Royalty from the Projected Annual Royalty to determine the projected Annual Savings; (5) Multiply the projected Annual Savings by three (3) years to determine the Total Projected Savings; and (6) The Buyout Fee shall equal one-third (1/3) of the Total Projected Savings.

By way of illustration only: if the Average Monthly Royalty is \$5,000, the Projected Annual Royalty is \$60,000 (i.e., $\$5,000 \times 12$). If the Projected Discounted Annual Royalty is \$50,000, the projected Annual Savings is \$10,000, the Total Projected Savings is \$30,000 (i.e., $\$10,000 \times 3$), and the Buyout Fee is \$10,000 (i.e., $\$30,000 \times 1/3$).

ITEM 6 OTHER FEES

Fees ⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee for a Traditional Franchise ⁽²⁾	See Note 3	Payable on the 15 th day of each month for the Gross Revenue generated in the preceding calendar month by withdrawal from your designated bank account via	Royalty Fees are calculated based on Gross Revenue for the previous calendar month. Royalty Fees vary depending on the services provided. We offer royalty incentives as more fully described in Exhibit I to the Franchise Agreement.

Fees ⁽¹⁾	Amount	Due Date	Remarks
		electronic funds transfer ("EFT") payment.	
Royalty Fee for a Micro-Market Franchise ⁽²⁾	See Note 3	Payable on the 15 th day of each month for the Gross Revenue generated in the preceding calendar month by withdrawal from your designated bank account via electronic funds transfer ("EFT") payment.	Royalty Fees are calculated based on Gross Revenue for the previous calendar month. Royalty Fees vary depending on the services provided. We offer royalty incentives as more fully described in Exhibit I to the Franchise Agreement.
Royalty Fee for a Conversion Franchise ⁽²⁾	See Note 3	Payable on the 15 th day of each month for the preceding calendar month	Royalty Fees are calculated based on Gross Revenue for the previous calendar month. Royalty Fees vary depending on the services provided. We offer royalty incentives as more fully described in Exhibit I to the Franchise Agreement.
Local Advertising	\$3,500 per month	As incurred on monthly basis	You may only use promotional materials you have purchased from us or that we have provided to you.
Advertising Cooperative ⁽⁴⁾	As determined by the members	As determined by the members	If an advertising cooperative is formed for your area, you are not required to join the cooperative.
National Advertising Fund Fee	See Note 5	Payable together with the Royalty Fee	See Item 11 for a detailed discussion about the Marketing Funds.
Additional or Replacement Training Fee	Our training fee, which shall remain fixed at \$500 to \$1,000 per person depending on the number of trainers required and their respective qualifications and experience levels, plus expenses, subject to	Before training begins	You will pay us an additional training fee, calculated based on the number of trainers required and their respective experience levels, with the same fixed rate structure described above, for any additional training we offer because: (1) we determine, in our reasonable business

Fees ⁽¹⁾	Amount	Due Date	Remarks
	the Annual Adjustment		judgment, that any of your personnel have not completed the training program to our satisfaction; (2) you appoint a new Manager or your ownership changes; (3) you are not performing to our System Standards; or (4) you request, and we agree, to provide any additional training, after the training program. You must also pay all expenses incurred by your personnel, including travel, lodging, meals and wages.
Dispatch Call Fee	\$195 per month for your first business and \$95 per month for the second and additional business, subject to the Annual Adjustment	Payable on the 1 st day of every month	
Optional Program Fees	Varies	Varies	We may offer you additional customer lead source programs that require specific account management services by us or our affiliates. You may elect to participate in such Optional Programs subject your agreement to the terms of the program. Optional Program fees are independent of and in addition to any royalties payable under this Agreement. Royalty is not charged on administrative fees, however royalty is charged on the net invoice for each Optional Program provided (less the Optional Program Fees).
Transfer Fee	\$5,000 if transferring to a buyer who is not a	At time of transfer	Payable in lump sum. If you sell more than 1 territory to the same buyer, then you

Fees ⁽¹⁾	Amount	Due Date	Remarks
	911 Restoration Franchisee. \$2,500 if transferring to another 911 Restoration Franchisee. The transfer fee will be increased by \$10,000 (to \$15,000 or \$12,500, as applicable) if we refer the transferee to you.		will only be required to pay one transfer fee for all territories. In addition to the transfer fee, you must pay Franchisor's then-current training fee applicable at the time of transfer.
Renewal Fee	\$2,500 (not to exceed \$7,500 if renewing multiple franchise agreements if you renew multiple franchise agreements in the same calendar year)	At time of renewal	Payable in lump sum
Delayed Opening Fee	\$1,000 per month beyond scheduled opening date	When billed	If you fail to open the Franchised Business by the required date for any reason other than our delay in providing training or our written consent to a delayed opening, you will pay us a delayed opening fee of \$1,000 per month or any portion thereof until the Franchised Business opens for business.
QuickBooks Software License Fee	QuickBooks on-line with 5 available users – monthly fee per current pricing. The current listed non-promotional price is \$99 USD/Month (5-users per franchisee) for a single EIN	As incurred	Additional licenses must be purchased by Franchisee and payable to Intuit. Franchisor may have secured favorable pricing for franchisees.
Holdover Royalty	The Royalty Fee plus 2.5% of Gross Revenue	As incurred	Due if you fail to execute the renewal Franchise Agreement and General Release but continue operating for Franchised Business.
Late Fees	\$50 per day	Due with overdue amount or on	We will charge you a late fee of \$50 for each day any of the required fees, royalties

Fees ⁽¹⁾	Amount	Due Date	Remarks
		the date we receive the sales report and bank statement	or contributions, or any other amount due to us in the time as specified in this Agreement, or you fail to provide both the reports and bank statements to us by the due date
Interest on Late Payments, Late Fees, Insufficient Funds	18% per annum or highest rate allowed by law	As incurred	Interest is paid to us from the date of nonpayment or underpayment. Subject to state law.
Audit Fee	Will vary under the circumstances (estimated to be between \$5,000 and \$8,500)	When billed	If we audit your books and records, you must pay us reimbursement for all costs that we incur related to the audit, including all fees, travel, lodging and other related expenses.
Job File Audit Fee	A fee not to exceed \$50 for an audit of certain job files, subject to the Annual Adjustment.	When billed	You will be charged the then-current fee when a National Accounts client requires that your job file be audited. Job files requiring multiple audits due to your job file deficiencies may result in additional Audit Fees. Additional fees will be incurred for utilization of third-party job file technology when creating and/or reviewing estimates in the third-party software.
Technology Fees	(i) a one-time setup fee of \$300; and (ii) a monthly fee of \$495 (or \$200 for each location after your first location). These fees are subject to the Annual Adjustment.	Payable on the 1st of the month.	The technology fee covers access to certain programs which may change from time to time, and includes up to three (3) email accounts. Additional email accounts will be charged at our vendor's then-current rates.
National Account Program Fee	5% of Gross Revenue from National Account customers (excluding revenue from construction services and jobs with Gross Revenue under \$500)	As incurred	For all National Accounts Program projects, we will have the exclusive right to bill and collect all amounts owed by National Account customers and will deduct a program fee of 5% of all gross revenue received from National Account customers

Fees ⁽¹⁾	Amount	Due Date	Remarks
			(excluding revenue from construction services and jobs with Gross Revenue under \$500) and pay you the balance. The 5% program fee shall not be subject to royalty fees.
Proprietary Products	Will vary under the circumstances	As Incurred	You must purchase your ongoing inventory of logoed uniform shirts, promotional materials and printed advertising materials from our approved supplier. The frequency and cost of your orders will depend the number of employees and on your advertising initiatives.
Insurance Premiums	Insurance premiums to maintain recommended coverage as a Franchise Owner.	As Incurred	If you do not maintain required insurance coverages, we may obtain insurance on your behalf solely at your expense.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Indemnification	Will vary based on the circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your operations.
Supplier Evaluation	Will vary under circumstances, but not to exceed \$500	As incurred	If we issue a list of approved suppliers, this will cover the cost we incur in determining our approval of an unapproved supplier.
Catastrophic Event Admin Fee	Currently, \$0	As incurred	If we manage Catastrophic Events, then we reserve the right to charge a reasonable administrative fee based on our actual and reasonable expenses incurred in managing such events, including but not limited to personnel time, resources, and third-party costs directly related to the management of the Catastrophic Event.
Convention; Annual	Our then-current	Payable 90 days	We are permitted to

Fees ⁽¹⁾	Amount	Due Date	Remarks
Conference Fee	registration fee, which shall be based on our reasonable costs and expenses in organizing and conducting the convention or annual conference. Currently, \$500 per non-owner attendee and \$1,000 per owner attendee, subject to the Annual Adjustment.	prior to the convention or annual conference by withdrawal from your designated bank account via EFT payment.	establish an annual convention or meeting of franchisees, which you must attend. We reserve the right to charge a registration fee for attendance (based on our reasonable costs of organizing and conducting the Annual Convention, and regardless of whether you actually attend) at the Annual Convention. The registration fee may be adjusted annually based on our actual expenses from the previous year's convention. You will pay the travel, accommodations, wages, and all other expenses for your representatives attending the Annual Convention. We may waive or reduce the Conference Fee in our discretion.
Interim Operating Fee	125% of our costs of operation	As incurred	Payable if we must take over the operation of your Franchised Business due to your continued failure to abide by our System Standards.
Non-Compliance Fee	\$500 for the first non-compliance for which we give you written notice; \$1,000 for the second; \$1,500 for the third and subsequent.	If incurred	Payable upon your failure to comply with our System standards and requirements. This fee is in addition to all other remedies that we have under the Franchise Agreement. This fee will only be charged if you fail to comply with our System standards and requirements and fail to cure such failure within the stated cure period.
Encroachment Fee	\$5,000 for each instance	Upon demand	If you provide any services to customers in another franchisee's territory without permission, you shall pay an encroachment fee.

Fees ⁽¹⁾	Amount	Due Date	Remarks
Bankruptcy Costs and Attorneys' Fees	As incurred	As incurred	In the event of a bankruptcy by a franchisee, the franchisee is liable to us for all of our costs and attorneys' fees associated with the bankruptcy.
Final Payment	Accounts Receivable multiplied by 70%, multiplied by combined rate of your Royalty Fees and National Advertising Fund Contributions as of termination or expiration	Within 5 business days following expiration of termination of the Franchise Agreement	Payable in lieu of continuing Royalty Fees and National Advertising Fund Contributions otherwise payable on Collected Gross Revenue after the date of expiration or termination. "Accounts Receivable" means any and all revenue due you for services performed by your Franchised Business prior to expiration or termination.
Liquidated Damages	Will vary under circumstances	Within 30 days of termination	If we terminate your Franchise Agreement because of your default, you must pay an amount equal to the <u>greater</u> of (x) the average value of Royalty Fees and National Advertising Fund Fees during the 12 months before termination and (y) the minimum Royalty Fees and minimum National Advertising Fund Fees, during the 12 months before termination multiplied by 24 (or the number of months remaining in the term, whichever is lower). If you fail to report, under report or otherwise breach your agreement to reduce Gross Revenue, then we can determine the amounts used for determining the liquidated damages.

- (1) All fees described in this Item 6 are non-refundable. Unless otherwise indicated in the preceding chart, these fees are imposed uniformly on all franchisees in this state, except that certain franchises agreements signed before the date of this Disclosure Document may be required to pay different fees and/or fees based on different rates or amounts. Except as specifically stated

above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes.

- (2) For the purposes of determining the Royalty Fees to be paid under the Franchise Agreement, “**Gross Revenue**” means all fees received by you (including actual deposits in your bank accounts as well as undeposited cash receipts) from, through, by or on account of the operation of your Franchised Business, whether received in cash, in services or in kind, less: only (i) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers and actually paid by you to governmental authorities, provided that: (a) sales tax is shown as a separate line item on each customer invoice, (b) you provide us with copies of all customer invoices showing the separate sales tax charges, and (c) you provide us with proof of quarterly and/or annual sales tax payments to the relevant governmental authorities. If you fail to comply with these requirements, you will not be entitled to deduct sales tax from Gross Revenue and all charges will be included without setoff or adjustment; and (ii) the amount of any documented refunds, credits and allowances given in good faith to customers by you. You must report all Gross Revenue for each month, without any deductions whatsoever.

No expenses incurred by you for performing Non-Restoration Services are deductible from Gross Revenue. For sake of clarification, no expenses whatsoever are deductible from any royalties that are payable at 3%.

All fees are payable to us by electronic funds transfer (EFT) or other automatic payment mechanism we designate and are non-refundable. Your Royalty Fees are due on the 15th of each month based on Gross Revenues for the preceding calendar month.

Failure to provide the monthly Gross Revenue Report by the 10th day of each month will be considered a default under the Franchise Agreement. In the event of such failure, we have the right to automatically debit your designated bank account for an amount equal to the greater of: (i) the average of the royalty fees and National Advertising Fund contributions for the preceding 3 months, or (ii) the minimum royalty fees. Any excess amounts debited will be credited against future royalty payments once actual figures are reported.

- (3) Royalty:

Traditional Franchise: During your first 6-months after signing the franchise agreement: 9% of your Gross Revenue for “**Restoration Services**”; 3% of your Gross Revenue for “**Non-Restoration Services**”. Beginning in the 7th month after you sign the franchise agreement: the greater of 9% of your Gross Revenue for “**Restoration Services**”; 3% of your Gross Revenue for “**Non-Restoration Services**” or (i) \$750 per month during months 7-12; (ii) \$1,500 per month during months 13-24; (iii) \$2,000 per month during months 25-36; (iv) \$2,500 per month during months 37-48; (v) \$3,500 per month during months 49-60 and thereafter. If the franchise agreement is signed as a renewal agreement then the minimum monthly royalty shall be the greater of 9% of your Gross Revenue for “**Restoration Services**”; 3% of your Gross Revenue for “**Non-Restoration Services**” or \$3,500 per month. Any reduction in the Royalty Fee below 9% shall be conditioned upon your: (1) acceptance and completion of all National Account related jobs assigned to your territory, (2) maintaining a full-time business development manager on staff, and (3) being in full compliance with all terms and conditions of the Franchise Agreement. If you fail to meet any of these conditions, the Royalty Fee shall automatically increase to 9% of Gross Revenue for Restoration Services effective immediately upon notice from Franchisor. The increased rate shall remain in effect until you demonstrate full compliance with all conditions

to Franchisor's reasonable satisfaction and receive written confirmation of reinstatement of the reduced rate.

Micro-Market Franchise: During your first 6-months after signing the franchise agreement: 9% of your Gross Revenue for “**Restoration Services**”; 3% of your Gross Revenue for “**Non-Restoration Services**”. Beginning in the 7th month after you sign the franchise agreement: the greater of 9% of your Gross Revenue for “**Restoration Services**”; 3% of your Gross Revenue for “**Non-Restoration Services**” or (i) \$375 per month during months 7-12; (ii) \$750 per month during months 13-24; (iii) \$1,000 per month during months 25-36; (iv) \$1,250 per month during months 37-48; (v) \$1,750 per month during months 49-60 and thereafter. If the franchise agreement is signed as a renewal agreement then the minimum monthly royalty shall be the greater of 9% of your Gross Revenue for “**Restoration Services**”; 3% of your Gross Revenue for “**Non-Restoration Services**” or \$1,750 per month. Any reduction in the Royalty Fee below 9% shall be conditioned upon your: (1) acceptance and completion of all National Account related jobs assigned to your territory, (2) maintaining a full-time business development manager on staff, and (3) being in full compliance with all terms and conditions of the Franchise Agreement. If you fail to meet any of these conditions, the Royalty Fee shall automatically increase to 9% of Gross Revenue for Restoration Services until such time as you demonstrate full compliance with all conditions.

Conversion Franchise: Eligibility and Royalty Structure

To qualify as a Conversion Franchise, you must have owned and operated your existing restoration business for a minimum of three (3) consecutive years immediately prior to conversion, with an average annual Gross Revenue of at least \$250,000 in mitigation services only, as verified by federal tax returns or audited financial statements (“**Qualifying Conversion Franchise**”).

If you qualify as a Qualifying Conversion Franchise, the royalty fee payable on mitigation services will be 4%. All other royalty fee amounts remain as set forth above. The reduced 4% royalty rate is conditional upon maintaining a full-time Business Development Manager (BDM) on staff and remaining in full compliance with all terms and conditions of the Franchise Agreement. Failure to maintain these requirements will result in an immediate increase to the then-current standard royalty rate until full compliance is demonstrated.

Early Renewal Franchise: The minimum royalty schedule set forth above shall apply if we offer you the early renewal: The minimum royalty shall be calculated commencing from the Effective Date of this Addendum as the greater of: (i) nine percent (9%) of Franchisee’s Gross Revenue for Restoration Services and three percent (3%) of Franchisee’s Gross Revenue for Non-Restoration Services; or (ii) (1) \$500 per month during months 1-6; (2) \$750 per month during months 7-12; (3) \$1,500 per month during months 13-24; (4) \$2,000 per month during months 25-36; (5) \$2,500 per month during months 37-48; and (6) \$3,500 per month thereafter. You will sign the Early Renewal Addendum in connection with the early renewal of your existing franchise agreement.

- (4) **Cooperative:** The members of the cooperative will, by majority vote, establish the amount each member must contribute to the cooperative and the frequency of contributions. If any 911 Restoration businesses owned and operated by us in a cooperative area participate in the cooperative, we will have the same voting rights as other cooperative members. Each Franchised Business will have one vote in the cooperative.

- (5) **National Advertising Fund:** We have established and administer a National Advertising Fund on behalf of the System (see Item 11) to develop, maintain and enhance the System's brand recognition and reputation and to support the National Accounts Program. The fees due under our National Advertising Fund are as follows: During your first 6-months after signing the franchise agreement: 1% of collected Gross Revenue. Beginning in the 7th month after you sign the franchise agreement: the greater of 1% of your Gross Revenue or \$100 per month.

If you own three (3) or less territories, whether under one or multiple franchise agreements operating from a single location, your calendar year National Advertising Fund contributions will be capped at an amount equal to the average National Advertising Fund contributions paid by Franchisor's franchisees that operate 911 Restoration Businesses who earned the top ten percent (10%) Gross Revenue for the System. If you own more than three (3) territories, whether under one or multiple franchise agreements, your calendar year National Advertising Fund contributions cap for each territory shall be calculated as the average National Advertising Fund contributions paid by 911 Restoration franchisees who earned the top ten percent (10%) Gross Revenue for the System divided by three (3). We have the right to modify, eliminate, and/or reinstate the caps on National Advertising Fund contributions set forth above on 60 days' prior notice to you. Any such modification, elimination, or reinstatement shall be effective as of the date specified in your notice and will apply prospectively.

- (6) **Annual Adjustment:** Not more frequently than one time per calendar year, effective January 1 of such year (each, an "**Adjustment Date**"), fees that are specified dollar amounts (as opposed to based on formulae), may be adjusted by multiplying the then-current fee by a fraction, the numerator of which is the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, Not Seasonally Adjusted, published by the U.S. Bureau of Labor Statistics (the "**Index**") for the November prior to the Adjustment Date, and the denominator of which is the Index for the corresponding month in the prior year (the "**Annual Adjustment**"); provided, however, that in no event shall any Annual Adjustment exceed ten percent (10%) of the then-current fee. If the Index is discontinued or its methodology materially altered, we may substitute a comparable index. If we do not implement an Annual Adjustment on any Adjustment Date (a "**Skipped Adjustment**"), we may, at any time thereafter, implement a catch-up adjustment to account for one or more Skipped Adjustments by providing you with sixty (60) days' prior written notice. The catch-up adjustment shall be calculated by multiplying the then-current fee by a fraction, the numerator of which is the Index for November prior to the effective date of the catch-up adjustment, and the denominator of which is the Index for the corresponding month in the year of the earliest Skipped Adjustment being corrected.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TRADITIONAL OR CONVERSION FRANCHISE					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$55,000	\$55,000	Lump sum	On signing Franchise Agreement	Us

TRADITIONAL OR CONVERSION FRANCHISE					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Leasehold Improvements ⁽²⁾	\$0	\$5,000	As Arranged	As Agreed	Approved Contractor
Equipment, Furnishings and Fixtures ⁽³⁾	\$35,000	\$60,000	As Arranged	As Agreed	Approved Suppliers
Technology Setup Fee	\$300	\$300	As Arranged	As Arranged	Approved Suppliers
CRM Setup Fee	\$300	\$300	As Arranged	As Arranged	Approved Suppliers
Service Vehicle ⁽⁴⁾	\$1,500	\$60,000	As Arranged	As Arranged	Approved Suppliers
Signage ⁽⁵⁾	\$1,000	\$3,000	As Arranged	As Incurred	Approved Suppliers
Rent (3 months) ⁽⁶⁾	\$0	\$4,500	As Arranged	As Arranged	Lessor, Landlord
Initial Inventory and Operating Supplies ⁽⁷⁾	\$5,000	\$10,000	As Arranged	As Arranged	Us and Approved Suppliers
Security Deposits ⁽⁸⁾	\$0	\$1,500	As Arranged	As Incurred	Landlord, Utility Companies
Insurance (3 months) ⁽⁹⁾	\$1,500	\$2,700	As Arranged	As Arranged	Insurance Companies
Business Launch Fee ⁽¹⁰⁾	\$10,000	\$10,000	Lump Sum	When You Register for Our Initial Training Program	Us
Initial Training Fee ⁽¹¹⁾	\$2,500	\$3,500	Lump Sum	When You Register for Our Initial Training Program	Us
Travel and Living Expenses While Training ⁽¹²⁾	\$0	\$4,000	As Arranged	As Incurred	Airlines, Hotels, Restaurants, etc.
Computer System ⁽¹³⁾	\$0	\$2,000	As Arranged	As Incurred	Approved Suppliers and Us (for Software and Licenses)
Permits/Licenses ⁽¹⁴⁾	\$0	\$2,000	As Arranged	As Required	State and Local Government
Professional Fees ⁽¹⁵⁾	\$3,000	\$5,000	As Arranged	As Arranged	Attorney, Accountant
Additional Funds for three to six months ⁽¹⁶⁾⁽¹⁸⁾	\$50,000	\$100,000	As Arranged	As Required	Third Parties

TRADITIONAL OR CONVERSION FRANCHISE					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Telephone ⁽¹⁷⁾	\$100	\$200	As Arranged	As Required	Utility Companies
Miscellaneous	\$2,500	\$5,000	As Arranged	As Incurred	Third Parties
Total⁽¹⁸⁾	\$167,700.00	\$334,000.00			

MICRO-MARKET FRANCHISE					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$39,000	\$39,000	Lump sum	On signing Franchise Agreement	Us
Leasehold Improvements ⁽²⁾	\$0	\$5,000	As Arranged	As Agreed	Approved Contractor
Equipment, Furnishings and Fixtures ⁽³⁾	\$35,000	\$60,000	As Arranged	As Agreed	Approved Suppliers
Technology Setup Fee	\$300	\$300	As Arranged	As Arranged	Approved Suppliers
CRM Setup Fee	\$300	\$300	As Arranged	As Arranged	Approved Suppliers
Service Vehicle ⁽⁴⁾	\$1,500	\$60,000	As Arranged	As Arranged	Approved Suppliers
Signage ⁽⁵⁾	\$1,000	\$3,000	As Arranged	As Incurred	Approved Suppliers
Rent (3 months) ⁽⁶⁾	\$0	\$4,500	As Arranged	As Arranged	Lessor, Landlord
Initial Inventory and Operating Supplies ⁽⁷⁾	\$5,000	\$10,000	As Arranged	As Arranged	Us and Approved Suppliers
Security Deposits ⁽⁸⁾	\$0	\$4,500	As Arranged	As Incurred	Landlord, Utility Companies
Insurance (3 months) ⁽⁹⁾	\$0	\$2,700	As Arranged	As Arranged	Insurance Companies

MICRO-MARKET FRANCHISE					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Business Launch Fee ⁽¹⁰⁾	\$10,000	\$10,000	Lump Sum	When You Register for Our Initial Training Program	Us
Initial Training Fee ⁽¹¹⁾	\$2,500	\$3,500	Lump Sum	When You Register for Our Initial Training Program	Us
Travel and Living Expenses While Training ⁽¹²⁾	\$0	\$4,000	As Arranged	As Incurred	Airlines, Hotels, Restaurants, etc.
Computer System ⁽¹³⁾	\$0	\$2,000	As Arranged	As Incurred	Approved Suppliers and Us (for Software)
Permits/Licenses ⁽¹⁴⁾	\$0	\$2,000	As Arranged	As Required	State and Local Government
Professional Fees ⁽¹⁵⁾	\$3,000	\$5,000	As Arranged	As Arranged	Attorney, Accountant
Additional Funds for three to six months ⁽¹⁶⁾⁽¹⁸⁾	\$35,000	\$75,000	As Arranged	As Required	Third Parties
Telephone ⁽¹⁷⁾	\$100	\$200	As Arranged	As Required	Utility Companies
Miscellaneous	\$2,500	\$5,000	As Arranged	As Incurred	Third Parties
Total⁽¹⁸⁾	\$135,200.00	\$296,000.00			

In general, none of the expenses listed in the above chart are refundable, except any security deposits may be refundable. We may offer to finance up to 50% of your initial franchise fee. See Item 10 for a further discussion of seller assisted financing.

1. Initial Franchise Fee. The initial franchise fee is discussed in Item 5. The table for Traditional and Conversion Franchises estimates that you will buy a territory with a population between 250,000 to 350,000. The table for Micro-Market Franchises estimates that you will buy a territory with a population between 100,000 to 249,999. The tables above exclude the initial fees if you sign the franchise agreement pursuant to the Early Renewal Addendum (see Exhibit J).

2. Leasehold Improvements. These costs will vary considerably depending on the size of your facility, location, local labor laws, local building codes and shipping costs. Conversion franchisees should have minimal, if any, improvements to meet our requirements.
3. Equipment, Furnishings and Fixtures. You will need to purchase a defined opening package of equipment which includes the following equipment: dehumidifiers, air scrubbers, air movers, consumables, and mold inspection kit. You must also purchase office furniture, including a desk, chair, file cabinets and phone system. Conversion franchisees may not have to purchase these items.
4. Service Vehicle. You must purchase or lease a van or truck for your Franchised Business. The estimate in the above chart assumes that you will purchase the vehicle. If you choose to lease the vehicle, your initial expenses may be lower. We must approve of your vehicle and it must be lettered or painted according to our specifications. Your vehicle may not be more than 4 years old unless previously approved by us.
5. Signage. The estimate includes the cost of an exterior sign for your rented space as well as the cost of lettering your service vehicle.
6. Rent. Traditional Franchises and Conversion Franchises will need approximately 1,000 square feet of warehouse space, including 300 square feet of office space for your Franchised Business. Your office and warehouse must be within the Territory you purchase. We may require you to have an office, at our discretion. However, if we do require you to open an office, we agree that said requirement will be waived for the first six (6) months you are open for business. We will determine on a case-by-case basis whether Micro-Market Franchises will need to obtain warehouse and office space for the Franchised Business.
7. Initial Inventory and Operating Supplies. You will purchase our initial and ongoing inventory of logoed uniform shirts, promotional and marketing materials from us. This range depends on your staff size and advertising initiatives.
8. Security Deposits. You may have to provide security deposits for your rented space as well as for your utilities. The requirement to provide deposits will depend, in part, on your particular circumstances and your creditworthiness.
9. Insurance. These estimates are for your monthly insurance premiums. Some insurance companies require premiums be paid quarterly, semi-annually, or annually.
10. Business Launch Fee. You will pay us a non-refundable Business Launch Fee of \$10,000, which is payable within thirty (30) days after you sign the Franchise Agreement. The Business Launch Fee is payment for our guidance and assistance in the opening of your Franchised Business and implementation of initial marketing activities in the Territory, which may include, at our discretion, website development, search engine optimization, digital advertising, brand awareness campaigns, and other marketing initiatives we deem appropriate. If you purchase multiple franchises under a Multiple Franchise Ownership, you will only be required to pay 1 Business Launch Fee.
11. Initial Training Fee. You must pay us an Initial Training Fee at least 30 days before your scheduled Initial Training Program start date. If you are an existing franchisee acquiring an additional Territory, you will not be required to attend or pay for our Initial Training Program.

If you purchase multiple franchises under a Multiple Franchise Ownership, you will only be required to pay 1 Initial Training Fee.

12. Travel and Living Expenses While Training. We will provide our initial training program to 1 trainee. The low end of the estimate assumes that you live within driving distance. The high end of the estimate assumes that you will need to travel and arrange accommodations to attend initial training.
13. Computer System. You must purchase and maintain, at your sole expense, a computer system meeting our then-current specifications and maintain a high-speed internet connection with minimum speeds and specifications as we may periodically require for your computer system. The low-end assumes your existing computer system is no older than 2 years old and meets our specifications. You must purchase and use the required CRM software designated by us, as well as the then-current system for bookkeeping and accounting purposes (currently, QuickBooks Online) and Xactimate. If the CRM software is deactivated or suspended for any reason attributable to your actions or omissions, including but not limited to your failure to make required payments, you acknowledge and agree that we may immediately cease forwarding customer leads to you until such issue is fully resolved and the CRM software is reactivated. Additionally, any Royalty discounts or preferential rates previously granted to you shall be automatically void during the period of CRM deactivation or suspension, and standard Royalty rates shall apply. Such suspension of leads and voiding of discounts shall be in addition to, and not in lieu of, any other remedies available to us under this Agreement. Conversion franchisees may not incur this expense if we determine that their existing computer systems meet our requirements. See Item 11 for a further discussion of the computer system.
14. Permits/Licenses. You are responsible for obtaining and maintaining all required licenses, including any necessary contractor's license(s), as required by applicable law in your jurisdiction. In addition, you must have at least one member of your staff that has a mold remediation license mold certified ("AMRT") representative on staff; one (1) ASD certificate; one (1) certificate for water damage ("WRT"), one (1) IICRC OCT certificate, and one IICRC FSRT certifications, as well as any other business permits that may be required by the state, county, and/or town in which your Franchised Business is located.
15. Professional Fees. We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise.
16. Additional Funds. You will need additional capital to support on-going expenses, such as payroll and utilities, if these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing required expenses for the initial phase of the business, which we calculate to be three to six months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. You should carefully review these figures with a business advisor before you decide to purchase the franchise. You should consider factors such as the cash outlays and probable losses that you might incur in the initial months after you open your Franchised Business. These are only estimates and your actual costs may vary depending on the actual rental prices in your area, and other site-specific requirements or regulations.
17. Telephone. Before Commencement of the Business Operation, you must purchase a telephone number for the Franchised Business. You acknowledge and agree that the telephone number

shall be our sole property.

18. We relied on our experience in franchising since 2008 to compile these estimates, and the experience of our franchisees if and to the extent that they shared this information with us. You should review these figures with a business advisor before you decide to buy the franchise. We do not provide financing.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase the required logoed uniform shirts, promotional materials, such as pens, keychains and giveaways, and all printed marketing materials from one of our preferred vendors. Neither we nor any of our officers hold any interest in our preferred vendors.

You must purchase, use and offer all designated equipment, Technology, Products, Materials and Services we specify exclusively from our preferred vendors, and all such equipment must be branded with our name and logo in the exact form and orange color we specify. **“Products”** and **“Services”** means goods, products and services designated by us from time-to-time for use, sale or otherwise to be provided from your 911 Restoration Franchised Business. You must acquire all equipment required by us for the operation of your Franchised Business.

You must operate your Franchised Business in compliance with the then-current System and the Manuals at your expense, including use of any specified equipment, Products and Services, computer hardware and software; supplier programs and operating systems; signs, logos, designs and advertising/marketing materials and forms; website designs and formats; and other items.

We have identified preferred suppliers of designated Products and/or Services that your Franchised Business must use or provide. You must purchase all goods, services, and equipment for your Franchised Business exclusively from our preferred suppliers, unless otherwise permitted by us in writing. For existing franchisees converting to our system, you may continue to use your existing equipment upon our written approval, but any replacement or new equipment must be purchased from our preferred suppliers and must be branded with our name and logo. Designated suppliers may include, and may be limited to, us and/or affiliated companies. We and/or any of our affiliated companies may receive revenues from items that you are required to buy from us or from designated suppliers.

We are a designated supplier for certain Services, including training services, grand opening materials, certain inventory, and marketing collateral. Items sold by us may include a markup over our cost to cover directly related expenses and our profit. We may choose to be the designated supplier for other items if we determine that it is in the best interest of the System. We are not the only approved supplier of these products and services, and you are not required to purchase these items from us. During the fiscal year ending December 31, 2025, we had no revenue from the sale of these items to our franchisees.

We will periodically issue specifications and standards for products to our franchisees in the manuals or otherwise in writing. We may delete, substitute, modify or add to the Products/Services/suppliers, and may select a supplier on the basis of whatever requirements we find appropriate. Requirements can vary and may relate to frequency of delivery, product life and quality; standards of service; as well as payments, contributions or other consideration being paid to us or our Affiliates, and other criteria.

You must notify us in writing if you want to purchase, use or offer any items that are not previously approved, or if you propose to use any supplier who has not previously been approved for the proposed

item. You will need to submit to us any pertinent information we require, specifications, and samples requested. We will not charge you any fee for our review and evaluation of any proposal. You will be notified within a reasonable time (not to exceed 30 days) whether or not you are authorized to purchase or use the proposed items or to deal with the proposed supplier, and our approval will not be unreasonably withheld. We reserve the right to re-inspect any supplier to ensure that the supplier continues to conform to our reasonable specifications and standards. If a proposed supplier fails to conform to our reasonable specifications and standards, we may revoke our approval of the product or supplier upon written notice to you, and thereafter you must immediately discontinue using the unapproved product and/or utilizing the services from the unapproved supplier. We do not generally make available our criteria for evaluating suppliers and/or products.

We currently negotiate purchase arrangements with approved suppliers of certain equipment and supplies for the benefit of our franchisees, but we are not obligated to do so.

We do not provide material benefits (such as the award of a renewal or additional franchise) on the use of designated or approved sources. However, failure to use approved items/suppliers will be considered a default under the Franchise Agreement. If we issue a notice of default, we reserve the right to discontinue selling and/or providing any goods and/or services to you until you have cured all defaults.

There currently are no formal purchasing or distribution cooperatives in the United States. If one is formed, we can require that you make your purchases through a 911 Restoration cooperative. We may receive rebates from suppliers based on your purchases to be used to invest in franchise support or marketing costs. At this time, we do not negotiate purchase arrangements with suppliers for the benefit of franchisees for items other than those described here. However, to achieve volume discounts and obtain the benefits of nationwide contracts, we reserve the right to negotiate supply contracts and nationwide or regional purchasing contracts on behalf of franchisees.

The estimated proportion of required purchases and leases from us to all purchases and leases by you of goods and services in establishing the Franchised Business is approximately 75%, and in operating your Franchised Business is approximately 10%.

You must obtain our written approval before you purchase or enter into a lease for the site you propose to locate your Franchised Business.

Your service vehicle must comply with all minimum requirements listed in the Manual. Your service vehicle must be lettered or painted strictly according to our specifications. Your vehicle must not be older than 4 years, must be in excellent physical condition, without exterior damage or visible rust. You must regularly maintain and clean the vehicle according to our specifications, which are included in the Manual. If you are a conversion franchisee, then you may use an existing service vehicle upon our approval, the vehicle must meet our standards and have the lettering and/or be painted according to our specifications prior to its use.

In our last fiscal year, ending on December 31, 2025, we received \$33,750 in revenue from all required purchases and leases of Operating Assets, products and services by franchisees, including purchases of items to be resold in the Franchised Business, and rebates we receive from third parties. This was 0.32% of our total revenue of \$10,506,677, as reported in our most recent audited financial statements. Our affiliate did not receive any revenue from all required purchases and leases of Operating Assets, products and services by franchisees.

As of the date of this Disclosure Document, we have not established a purchasing or distribution cooperative, nor negotiated any terms of any required purchases. We may, in our sole and absolute

discretion, establish a purchasing and/or distribution cooperative in the future, as well as negotiate purchase arrangements, such as price terms, for the benefit of all Franchised Businesses in the System.

You must obtain and maintain, at all times and at your expense, all required insurance coverage specified in the Franchise Agreement and the Manual. Our System regulates the types, amounts, terms and conditions of insurance coverage required for your franchise and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain or maintain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. All of your policies must name us as an additional insured and must include third party contents coverage. Our standards and requirements for insurance coverages are set forth in the Manual, which we may revise from time to time. Any such revisions to the contents of the Manual are deemed effective 7 days after the date of certified mailing of the revisions to you unless otherwise specified by us. If you fail to maintain the required insurance coverage, we may, at our option and without notice to you, obtain such insurance coverage on your behalf. You must pay us, on demand or through ACH debit from your designated account, our actual cost for insurance premiums plus a reasonable administrative fee for expenses we incur in obtaining such coverage. Additionally, we reserve the right to require you to purchase and maintain tail insurance coverage in the types and amounts we designate from time to time for up to one (1) year following any transfer, non-renewal, expiration, or termination of this Agreement.

Our current insurance requirements are:

Commercial General Liability	Commercial General Liability including premises & operations, owners and Contractor's protective, broad form property damage, contractual liability, no XCU exclusions & products/completed operations written on an occurrence form. General Liability: Occurrence policy form — ISO CG0001 or most recently approved version or equivalent \$1,000,000 limit Each Occurrence BI/PD \$1,000,000 limit Each Occurrence Personal Injury \$2,000,000 General aggregate \$2,000,000 products/completed operation aggregate Blanket Contractual Liability Blanket Waiver of Subrogation for Additional Insureds Blanket Primary & Non-Contributory coverage for Additional Insureds Completed Operations coverage for Additional Insureds No restriction on the scope of operations usual to a 911 Restoration franchise No exclusions for claims from additions or remodeling projects No exclusions for existing residential or habitational jobs Defense costs must be outside the general liability limits and shall not have any limitations Policy shall include a per project/location aggregate If franchisee operates in New York, there shall be no exclusions for
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	New York operations. There shall be “no action over” exclusions accepted for contractors operating in New York
Umbrella	Minimum Limits: \$1,000,000 per occurrence / \$1,000,000 Aggregate Other: Policy term to be concurrent with Commercial General Liability Policy. Umbrella coverage must provide excess liability over the General Liability, Pollution Liability, mold liability, auto liability, professional liability and employers liability. If the Umbrella liability is placed with an admitted carrier or a carrier that will not provide excess liability coverage over the CPL or mold, it would then be acceptable to place this umbrella providing the monoline CPL limits are written to include a \$2,000,000 / \$2,000,000 limit.
Automobile Liability	Minimum Limits: \$1,000,000 combined limit Other: Commercial Auto Liability shall be written to provide “any auto” Symbol 1, or if Symbol 1 is not available from the carrier, then a combination of Symbols 2, 8, and 9 shall be acceptable and provide coverage for all owned autos, hired, and non-owned autos. We shall be named as an additional insured for the commercial auto policy.
Professional Liability	Minimum Limits: \$1,000,000 each occurrence Other: Coverage may be written on a claims-made form. If the professional liability is on a Claims Made form, the retroactive date must coincide with the start date of your franchise, or the inception date of the first professional liability policy you obtained claims made coverage for, or the expiration date of your previous occurrence form. No policies that are “silent” on professional liability will be accepted. Incidental professional liability will not be accepted.
Contractor Pollution Liability	Minimum Limits: \$1,000,000 per occurrence/ \$2,000,000 aggregate Other: The CPL policy must be written on an occurrence form when your policy renews if it is currently on a claims made form. If you purchase occurrence CPL and you previously had claims made coverage, it is required that you either purchase a “tail” from the previous claims made carrier or you obtain a “nose” going back to the original prior carrier’s CPL retroactive date. The mold section of the policy may be written on either an Occurrence form or a Claims Made form. If the mold is on a Claims Made form, the retroactive date must coincide with the start date of your franchise, or the original retroactive or inception date of current mold coverage or the expiration date of your previous occurrence form. It is highly recommended you carry occurrence mold coverage as it is readily available from several environmental

	carriers currently writing restoration contractors. If you purchase occurrence mold and you previously had claims made coverage, it is required that you either purchase a “tail” from the previous claims made carrier or you obtain a “nose” going back to the original prior carrier’s mold retroactive date. If the CPL or mold is currently or has been written previously, the franchisee warrants that they will provide 3 years of continuous coverage at the expiration of claims made policies, or purchase an extended reporting endorsement for a minimum of 3 years “tail”, or if moving to occurrence, provide “nose” coverage for the previous claims made years back to the original retroactive or inception dates of the claims made policies. All services offered by the franchise, including remodeling, must be covered. There shall be no exclusions for losses related to lead, silica, asbestos, or for contaminated drywall. There shall be no exclusions for viruses and the policy must contain a positive grant of coverage for virus(s). EIFS may not be excluded for restoration work. No restriction on the scope of operations usual to a 911 Restoration franchise Transportation liability for first and third parties shall be included Coverage for Non owned disposal sites shall be included There shall be no exclusions for any additions or remodeling projects There shall be no damage to your work or impaired property exclusion on the CPL. We shall be named as an additional insured for the commercial auto policy.
Worker’s Compensation & Employers Liability	Minimum Limits: Statutory worker’s compensation benefits Employers’ Liability limits of \$1,000,000/\$1,000,000/\$1,000,000 Endorsements: Waiver of Subrogation in favor of Franchisor Stop Gap as required in Monopolistic states

We must be named as an additional insured and certificate holder for all policies obtained by you, with primary and non-contributory coverage. You must provide us with a certificate of insurance and copies of all applicable endorsements evidencing all required coverage prior to opening your business, and thereafter provide us with updated certificates and endorsements annually, no later than thirty (30) days prior to the expiration of each policy term. Your insurance policies must contain a provision requiring the insurer to provide us with at least thirty (30) days' prior written notice of any cancellation, non-renewal, or material modification. Failure to maintain required insurance coverage or provide proof of such coverage will be a material breach of the franchise agreement and grounds for immediate termination.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation		Section in Franchise Agreement	Item in Disclosure Document
(a)	Site selection and acquisition/lease	Sections 9.1 and 9.2	Items 6 and 11
(b)	Pre-opening purchases/lease	Sections 9.5, 9.6 and 9.7	Items 5 and 8
(c)	Site development and other pre-opening requirements	Sections 9.2 and 9.14	Items 6, 7 and 11
(d)	Initial and ongoing training	Sections 5.3, 5.5, 9.10 and 9.20	Items 6, 7 and 11
(e)	Opening	Section 9.2	Item 11
(f)	Fees	Sections 3.5, 4.3, 5.5, 5.11, Article 8, Sections 10.3 and 11.4	Items 5, 6, 7 and 11
(g)	Compliance with standards and policies/Operating Manual	Section 5.1, Article 6, Sections 9.1, 9.3, 9.20 and 9.23	Items 8, 11 and 16
(h)	Trademarks and proprietary information	Articles 1, 7 and 13	Items 13 and 14
(i)	Restrictions on products/services offered	Article 3, Sections 5.4, 5.10, 9.8 and 9.15	Items 12 and 16
(j)	Warranty and customer service requirements	Section 9.18	Not applicable
(k)	Territorial development and sales quotas	Sections 8, 9.15 and 9.19	Item 12
(l)	On-going product/service purchases	Sections 5.4, 5.5 and 5.6	Items 8 and 11
(m)	Maintenance, appearance and remodeling requirements	Sections 9.5 and 9.18	Item 8
(n)	Insurance	Section 9.14	Items 7 and 8
(o)	Advertising	Section 9.11 and Article 10	Items 6, 7 and 11
(p)	Indemnification	Section 7.7 and Article 12	Item 6
(q)	Owner's participation/management/staffing	Sections 9.3, 9.4, 9.9 and 9.20	Items 11, 15 and 16
(r)	Records and reports	Sections 8.6, 9.12, 9.13 and Article 11	Item 11

Obligation		Section in Franchise Agreement	Item in Disclosure Document
(s)	Inspection and audits	Sections 9.12, 9.14, 9.18 and Article 11	Item 6
(t)	Transfer	Article 15	Items 6 and 17
(u)	Renewal	Article 4	Items 6 and 17
(v)	Post-termination obligations	Article 17	Item 17
(w)	Non-competition covenants	Article 14	Item 17
(x)	Dispute resolution	Article 20	Item 17
(y)	Other: Liquidated damages	Sections 11.4.1, 17.12	Item 6
(z)	Other: Security Interest	Section 11.10	Item 10
(aa)	Other: Guaranty	Section 9.16 and Exhibit D to the Franchise Agreement	Item 15

ITEM 10 FINANCING

Except as provided below, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, 911 Restoration is not required to provide you with any assistance.

Pre-Opening Obligations. Before you open your Franchised Business, we will:

1. Review the site you propose for your Franchised Business and approve the lease for the approved location. (**Franchise Agreement, Section 9.2**).
2. In conjunction with our Training Program, lend you one copy of our Confidential Operations Manual. Our Operations Manual has 953 pages. (**Franchise Agreement, Section 5.1**).
3. Provide our Initial Training Program to you (which is described below), unless you, one of your affiliates or an owner of either you or any of your affiliates owns or operates a 911 Restoration Business. (**Franchise Agreement, Section 5.3**).
4. Provide written specifications and approved vendors for all required equipment, signs, fixtures, inventory, and supplies. We will not assist with delivery or installation of these items. (**Franchise Agreement, Section 5.6**).

Continuing Obligations. During the operation of your Franchised Business:

1. We will provide such additional advisory assistance and training as we deem advisable in the operation of the System, on such terms and conditions as we determine and set forth in the Manual or otherwise. (**Franchise Agreement, Section 5.4**).
2. We may modify our System, including the products and services offered by Franchised Businesses, methods of doing business, and other items. (**Franchise Agreement, Section 18.1**).
3. We or our Affiliates will provide you with proprietary materials and forms and promotional materials. (**Franchise Agreement, Section 5.6**). We may offer and sell to you certain materials (including letterhead, business cards, brochures, labels, etc.), promotional materials and printed marketing materials bearing the Proprietary Marks. (**Franchise Agreement, Section 5.6**).
4. You are required to participate in our Dispatch Center programs (the "Programs"), which are continuing services provided by us. You must pay a monthly Dispatch Center fee of \$195 (or \$95 if this is your second or subsequent business)(which may be increased annually based on the Annual Adjustment). The Programs will dispatch calls to you from our call center and distribute jobs to the nearest 911 Restoration business. Your participation in the Programs is mandatory unless we remove you from the Programs due to your non-compliance with the franchise system standards or Program requirements. (**Franchise Agreement, Section 5.11**).
5. We will, at all times during the term of the Franchise Agreement, provide information pertaining to sources of supply of those proprietary and non-proprietary products and services which may be used in our System. (**Franchise Agreement, Section 5.6**).
6. We will, to the extent permitted by applicable law, have the right to establish maximum and/or minimum prices that you must follow. (**Franchise Agreement, Section 5.8**).
7. We will administer the National Advertising Fund. (**Franchise Agreement, Section 10.2**).
8. We may, in our discretion, hold an Annual Conference and/or Convention at a location to be selected by us. We will determine the topics and agenda for such a conference. You must attend the Annual Conference and/or Convention and pay our then-current registration fee which will be due 90-days prior to the convention or annual conference by withdrawal from your designated bank account via EFT payment.. If you fail to attend our Annual Conference without our prior written consent, you must pay us the registration fee, which we anticipate being approximately \$1,000. All expenses, including you and your employees' transportation to and from the Annual Conference/Convention, and lodging, meals, and salaries for you and your employees attending, are your sole responsibility. We may use Brand Development Fees from the National Advertising Fund for purposes related to the Annual Conference and/or Convention, including costs related to productions, programs, and materials. (**Franchise Agreement, Section 5.6**).
9. We may, manage all Catastrophic Events claims and charge a reasonable administrative fee. "Catastrophic Events" include storms, hurricanes, fires, floods, and the like, as determined by us, in which Restoration Services or Non-Restoration Services are performed. (**Franchise Agreement, Section 3.3**).

Advertising and Promotion

Local Advertising

You must engage in local business development, advertising and digital marketing as outlined in the Manual. You are required to spend a minimum of \$3,500 per month for local advertising. You must provide us with documentation evidencing your advertising expenditures within ten (10) days following the end of each month. If you fail to meet the minimum monthly advertising requirement or fail to provide the required documentation, we reserve the right to bill you for the difference and perform local marketing on your behalf. Digital marketing must be focused on lead development through currently approved sites for local SEO packages, social media and PPC campaigns. We may offer optional digital marketing programs to franchisees. You may participate in our digital marketing programs or use an approved third-party vendor. We reserve the right to modify, change, or discontinue any digital marketing programs at our sole discretion. Any local advertising you choose to conduct in your Territory must be comprised of advertising materials that you must purchase from us.

After the first three (3) month period that the Franchised Business is open to the public we require that you hire an approved local marketer to conduct local marketing in your Territory. The costs associated with hiring and maintaining the required local marketer shall be separate from, and in addition to, your monthly minimum advertising requirement of Three Thousand Five Hundred Dollars (\$3,500).

You must use only telephone numbers that we have approved and that are forwarded to our call center. The use of personal phone lines is strictly prohibited. If you place a listing of your Franchised Business in your local Yellow Pages, your local telephone directories or similar publication in your territory, you must include only our approved telephone numbers and Website address. All local advertising must include our approved call center number. (**Franchise Agreement, Section 10.3**).

Advertising Cooperatives

There are presently no advertising councils or local or regional advertising cooperatives. If an advertising cooperative is formed by our franchisees, you will not be required to participate or contribute to the fund cooperative unless you choose to. If you choose to participate in the advertising cooperative, then you must agree to contribute to the cooperative the amount agreed upon by a majority of the members of the cooperative, to pay that amount to the advertising cooperative and the times agreed upon by the majority, and abide by the cooperative's rules. The cooperative will determine who will administer the cooperative. The written governing documents will be available for review by you. Cooperatives need not prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you. The members of the cooperative will, by majority vote, establish the amount each member must contribute to the cooperative and the frequency of contributions. If any 911 Restoration businesses owned and operated by us in a cooperative area participate in the cooperative, we will have the same voting rights as other cooperative members. We will not have the power to require cooperatives to be formed, changed, dissolved or merged. (**Franchise Agreement, Section 10.5**).

National Advertising Fund

We have established a National Advertising Fund ("**National Advertising Fund**") to promote the System. During your first 6-months after signing the franchise agreement you must contribute 1% of collected Gross Revenue. Beginning in the 7th month after you sign the franchise agreement you must contribute the greater of 1% of your Gross Revenue or \$100 per month.

The National Advertising Fund is used for national and regional advertising, publicity, promotion, sales teams (including salaries, commissions, travel expenses, and other related costs whether for directly employed or outsourced sales personnel), lead generation activities, support of the National Accounts Program, and other existing or future programs, initiatives, and resources designed to generate work and revenue for, or otherwise benefit, the System. We will determine, in our fully unrestricted discretion, the manner in which the National Advertising Fund will be spent, including the development and implementation of new programs and initiatives that we determine will benefit the System. Some portion of the National Advertising Fund may be used for creative concept production, marketing surveys, test marketing, test advertising campaigns in different markets and regions, and related purposes, as well as for Website development and maintenance. We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. We are not required to spend any amount on advertising in your specific area or territory. (**Franchise Agreement, Section 10.2**).

We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of the National Advertising Fund's advertising and promotional activities. The National Advertising Fund is intended to maximize both general public recognition in all media of the Proprietary Marks as well as specific patronage of Franchised Businesses and we have no obligation to make sure that expenditures of the National Advertising Fund in or affecting any geographic area are proportionate or equivalent to payments made to the National Advertising Fund by franchisees operating in that geographic area, or that any Franchised Business will benefit directly or in proportion to the payments made to the National Advertising Fund for the development of advertising and marketing materials or the placement of advertising. (**Franchise Agreement, Section 10.2.1**).

We have the right to use the National Advertising Fund to pay for all costs and expenses associated with marketing, advertising, sales, and revenue generation activities, including but not limited to personnel costs, salaries, commissions, travel expenses, overhead, administrative expenses, and other direct or indirect costs related to managing and operating these activities, regardless of whether such costs are incurred by internal employees or outsourced personnel. We may also reimburse ourselves for any costs related to collecting the Advertising Fee (including attorneys', auditors' and accountants' fees and other expenses). (**Franchise Agreement, Section 10.2**).

National Advertising Funds from the Advertising Fees paid will be kept separate and distinct and will be accounted for separately from our other funds. These funds may be used to defray operating expenses related to marketing, advertising, sales, and revenue generation activities for the System (including but not limited to sales team salaries, commissions, travel expenses, and related costs for both internal and outsourced personnel). Any sums paid to the National Advertising Fund that are not spent in the year they are collected will carry over to the following year. We will prepare an annual statement of the operations of the National Advertising Fund that will be made available upon your written request. We are not required to audit the National Advertising Fund statements. (**Franchise Agreement, Sections 10.2.2 and 10.2.3**).

Company-owned and affiliate owned 911 Restoration Businesses will contribute to the National Advertising Fund on the same terms as required by franchisees.

No funds which you pay to us for advertising will be used for advertising that is principally a solicitation for the sale of franchises. During the last fiscal year ending December 31, 2025, the National Advertising Fund collected \$643,743.21 from franchisees. During the last fiscal year ending December 31, 2025, we spent \$358,043.05 of the National Advertising Fund on media placement. The remaining funds total \$285,700.16 have been rolled over into the 2025 fiscal year.

Website

“**Websites**” (as defined below) are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used. As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software that you operate or your agents operate that refer directly or indirectly to the Business, Proprietary Marks, us, and/or the System. The term “Website” includes Internet and World Wide Web home pages. (**Franchise Agreement, Section 5.2**).

You may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website. (**Franchise Agreement, Section 5.2**).

You may not promote your Franchised Business or use any of the Proprietary Marks in any manner on any social media or networking websites or platforms, including but not limited to Facebook, LinkedIn, X, Instagram, TikTok, YouTube, local business listings (such as Google My Business, Yelp, Bing Places, and similar platforms), or any other current or future social media or online business directory platforms, without our prior express written consent and compliance with our social media and online presence policies and guidelines. We exclusively own and control all social media initiatives, online business listings, and directory management. This includes, but is not limited to, the creation, maintenance, ownership, and content of all business listings, review site profiles, online directory entries, and any other digital presence associated with the Franchised Business or System. All such accounts, listings, and digital assets must be created and registered under our ownership, or if already existing, must be transferred to our ownership upon demand. Any unauthorized social media accounts, business listings, directory entries, or other digital assets created or maintained by you in violation of this Agreement must be, at our sole discretion, either immediately transferred to our ownership or permanently deleted upon our written request. You agree to cooperate fully in executing any necessary documents or taking any required actions to facilitate such transfer or deletion. You must comply with our System standards regarding the use of “**social media**” in your Franchised Business’s operation, including prohibitions on your and the Franchised Business’s employees posting or blogging comments about the Franchised Business or the System, other than on a Website established or authorized by us (“social media and online presence” includes (i) personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like X, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools; (ii) online business directories, review platforms, and local business listings including but not limited to Google My Business, Yelp, Bing Places, Yellow Pages, Better Business Bureau, Angi (formerly Angi’s List), HomeAdvisor, and similar current or future platforms; and (iii) any other digital platforms where business information, reviews, ratings, or customer feedback may be posted or shared). We retain exclusive ownership of all branded social media pages/handles/assets and will provide you with limited, revocable access to these assets. You must update these regularly according to our guidelines, but you acknowledge that such access and management does not create any ownership rights in these assets. Upon termination of the Franchise Agreement, your access rights will immediately terminate. We reserve the right to conduct collective/national campaigns via local social media on your behalf. (**Franchise Agreement, Section 5.2**).

We may establish and maintain exclusive ownership of a Website or other electronic system providing private and secure communications (*e.g.*, an extranet) between us, our franchisees, and other persons and entities that we deem appropriate. All content, data, and communications within such systems are

our exclusive property. If we require, you must establish and maintain access to the extranet in the manner we designate. Additionally, we may periodically prepare and/or update any agreements and policies concerning the use of the extranet that you must acknowledge and/or sign. (**Franchise Agreement, Section 5.2**).

Advisory Councils

We have a national advisory council composed of our franchisees. Members may be nominated by us or, at our discretion, through a franchisee voting process. All nominated members must demonstrate positive performance and service. The council has nominated members from every geographic region. We reserve the right to change or dissolve the council at our sole discretion. The council is advisory only and does not have binding authority. If you are nominated to the advisory council, you must pay all costs that you incur relating to your participation, including all travel, lodging and meals expenses to attend advisory council meetings. (**Franchise Agreement, Section 10.5**).

Site Selection and Opening

We estimate that between 1 and 3 months will elapse from the date you sign the Franchise Agreement to the opening date of your Franchised Business. The ability to open your Franchised Business may be affected by your ability to negotiate a lease; to obtain financing or building permits; to meet all zoning and local ordinances; weather conditions, shortages, or delayed installation of equipment, fixtures and signs. We do not enter into a lease with our franchisees for the locations of Franchised Business. (**Franchise Agreement, Section 9.2**).

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Franchised Business, and constructing and equipping the Site at the accepted site. You must propose a site for the Franchised Business using our submittal forms. Once approved, the Franchised Business may not be relocated without our prior written approval. (**Franchise Agreement, Section 9.2.2**).

If you do not have an approved site for the Franchised Business when you sign the Franchise Agreement, you will have 6 months to locate and secure our approval of a site for the Franchised Business. The site must be within your Territory. When you locate a site, you must submit the site information, in the format and content we require, and provide the lease terms to us. You must submit to us information and materials relating to the proposed site for our review no later than 60 days after you have signed the Franchise Agreement. We will have 10 days after we receive this information to accept or decline the proposed site. If we do not provide written acceptance of a proposed site within that 10-day period, the site is not deemed accepted until we provide written confirmation. (**Franchise Agreement, Section 9.2.2**).

If you are a Conversion Franchise, you must provide us with a full schedule of inventory and equipment, including photographs, and any other location information or materials upon our request. If we offer you a Franchise Agreement to sign, then your facility shall be deemed approved by us to convert into a 911 Restoration franchise. (**Conversion Addendum, Paragraph 4**).

The factors which we consider in approving your location includes population and projected growth, location within your Territory, size and cost of property for the Franchised Business, parking, lighting, proximity to other businesses, competition and other similar factors. Our approval only means that the location meets our minimum requirements for a Franchised Business subject to any deviation from our standards as we may permit. (**Franchise Agreement, Section 9.2.2**).

A Franchised Business must be opened to the public no later than (i) 180 days after you and we sign the Franchise Agreement or (ii) 45 days after completion of the initial training program, whichever occurs later. Franchisee is obligated to start making payments of any amounts due for a financed franchise fee commencing on the earlier of (i) the date the Franchised Business opens to the public or (ii) the required opening deadline as specified above, whether they are open for business or not. (**Franchise Agreement, Section 9.2.3**). If you fail to open your Franchised Business within the time prescribed by the Franchise Agreement, we may, in our sole discretion, either (i) charge you a delayed opening fee of \$1,000 per month (or any portion thereof) until your Franchised Business opens to the public, or (ii) terminate the Franchise Agreement and retain the entire initial franchise fee. The delayed opening fee shall be due and payable on the first day of each month following the required opening date until your Franchised Business opens or the Franchise Agreement is terminated. (**Franchise Agreement, Section 16.2.18**).

You may not open your Franchised Business until: (1) we determine that your Franchised Business has been constructed, decorated, furnished, equipped and stocked with materials and supplies in accordance our plans and specifications; (2) all required persons have completed the initial training program to our satisfaction; (3) you have paid us the initial franchise fee and all other required payments; (4) you have furnished us with certificates for all required insurance ; (5) you have obtained and provided us with copies of all required governmental permits, licenses, authorizations, and certificates of occupancy necessary for the lawful operation of your Franchised Business; (6) you are in full compliance with the Franchise Agreement; and (7) you have complied with all the items in our opening checklist to our satisfaction.

A Conversion Franchised Business must be opened to the public no later than 30 days after you and we sign the Franchise Agreement. If the Conversion Franchised Business fails to open within this 30 day period for any reason other than our delay in providing training or our written consent to a delayed opening, you shall pay us a delayed opening fee of One Thousand Dollars (\$1,000) per month or any portion thereof until the Franchised Business opens for business. Franchisee is obligated to start making payments of any amounts due for a financed franchise fee commencing 30 days after they sign the franchise agreements, whether they are open for business or not. You may not open your Conversion Franchised Business until: (1) you provide us with proof that you have at least one vehicle that meets our 911 Restoration specifications and that all existing vehicles have been fully rebranded to comply with 911 Restoration's specifications and standards; (2) you submit a full schedule, including photographs, of your existing inventory and equipment and any other information we require; (3) you complete the initial training program to our satisfaction; (4) you pay us the initial franchise fee and all other required amounts; (5) you furnish us with certificates of all required insurance; (6) you obtain all governmental permits, licenses and authorizations necessary for the operation of your Franchised Business; (7) you are in full compliance with all the terms of the Franchise Agreement; and (8) you comply with all items in our opening checklist to our satisfaction. Additionally, within 30 days of opening your Conversion Franchised Business, you must: (i) complete all construction requirements for the Conversion Franchised Business (if necessary) and construct, decorate, furnish, equip and stock your Conversion Franchised Business with the materials and supplies in accordance with our approved plans and specifications; (ii) completely discontinue use of any previous business names, marks, or branding; (iii) update all websites, online listings, social media accounts, and digital presence to exclusively display 911 Restoration branding and remove all references to your previous business name and branding; and (iv) comply with all requirements set forth in the Conversion Addendum, Paragraphs 3, 4 and 5.

Computer System

You must use a computer system for the Franchised Business. You may purchase the computer system from a vendor of your choice, provided that the vendor and the computer system meet our approval

standards. However, your computer system must effectively operate all required software applications including, but not limited to, QuickBooks Online, CRM, Xactimate, Xactanalysis, Symbility, MICA, MS Office 365, and DocuSketch, with a high-speed internet connection. If you need to acquire a computer system to meet these requirements, the estimated initial cost for your computer system is between \$600 and \$2,000. You must maintain a high-speed internet connection at all times for your computer system. **(Franchise Agreement, Section 9.6).**

You must obtain access to our designated dispatch software and systems, CRM software and other required third-party software or technology. We will give you access to our internal programs (extranet and e-stores). You are required to purchase or license the programs (and pay the then-current one-time technology fees) and must pay us our then-current monthly technology fee per Franchised Business. Your computer system will offer the ability to prepare estimates for repair and remediation work, manage insurance claims, create financial reports, sales tracking, client maintenance, accounting and record keeping, purchasing and tracking inventory, and internet access. **(Franchise Agreement, Section 9.6.2).** The monthly Technology Fee includes three (3) Google email accounts. If you require additional email accounts beyond the three included accounts, you must reimburse us for our expenses associated with each additional email account, which we estimate will cost approximately \$72 to \$270 per year per additional user. All business communications must be conducted using “@911restoration.com” email accounts.

You must purchase and install, at your expense, the then-current system for bookkeeping and accounting purposes (currently, QuickBooks Online) and Xactimate software for the Franchised Business, and provide us with administrative level access to your QuickBooks Online account at all times. **(Franchise Agreement, Section 9.6.1).** You must use our approved system for bookkeeping and accounting purposes. There is currently no contractual obligation on the frequency and cost for you to upgrade your computer system and software, but if we deem an upgrade is in the best interest of all our franchisees in the System, we may require you to pay the cost to upgrade your computer system and software. We reserve the right to change the required software in the future, and there are no limits on our right to do so. We reserve the right to require you to update and/or upgrade your computer system, including hardware, software and peripheral equipment, to meet our then-current specifications. **(Franchise Agreement, Section 9.6).** The estimated cost of maintenance, updating, upgrading or support contracts for the computer system ranges from \$250 to \$600 per year. Neither we nor any affiliate will provide you with any updates, upgrades or maintenance for your computer system.

You must provide us independent access, including administrative level access to QuickBooks Online and any other accounting systems, to the information and data you collect at all times at your expense. The information we may obtain from your computer system is not subject to limitation. There are no contractual limits on our access to the information on your computer system. You acknowledge and agree that we are the sole and exclusive owner of all information, data, and records on your computer system related to the operation of the Franchised Business, including but not limited to customer data, sales information, and operational statistics. **(Franchise Agreement, Section 9.6.3).**

Intranet

We have established an intranet (or extranet) through which our franchisees may communicate with each other, and through which we may communicate and disseminate the Manual, updates and other confidential information. You must establish and maintain an electronic connection with the intranet that allows us to send messages to and receive messages from you. We will have sole discretion to control all aspects of the intranet, including the content and functionality of the intranet. You will have the privilege, but not the right, to use the intranet, subject to your strict compliance with our policies. **(Franchise Agreement Section 9.22).**

Training and Supervision

We will offer a mandatory training program prior to the opening of your 911 Restoration Business for you, to be conducted virtually, at our headquarters in Van Nuys, California, at your location, at a certified Flood House facility, and/or potentially at the location of one of our existing franchisees. The location and detailed itinerary of the training program will be provided to you at least fifteen (15) days in advance of the scheduled training date. This training generally lasts between 14 and 18 days and may be conducted in person or virtually. We are not obligated to provide any initial training to you, any of your affiliates, or an owner of you or any of your affiliates that owns or operates a 911 Restoration Business if the Franchise Agreement that you sign is a renewal Franchise Agreement. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System and the scheduled openings of 911 Restoration Businesses generally. It is anticipated that the initial training program will be offered 4 or 5 times per year. (**Franchise Agreement, Section 5.3**). In our sole discretion, we determine the subject matter of our training program.

You must pay us our Initial Training Fee for our Initial Training Program. If you wish to send additional personnel to our training program, you must pay us our training fee. The amount of the training fee will depend upon the experience of the individual receiving the training. The Initial Training Program includes training regarding the operational, management and marketing pertaining to the “911 Restoration” System. If you are a corporation, limited liability company or a partnership, your duty to complete the training program will be discharged by the completion of the Initial Training Program by any owner of at least 50% of the equity or voting interests in you or by your chief executive officer. If you fail to complete the Initial Training Program to our satisfaction, we may elect to terminate the Franchise Agreement and retain the entire Initial Franchise Fee. (**Franchise Agreement, Section 5.3**).

You are responsible to pay all wages for services performed by you in the course of training. You agree to pay all expenses you incur in connection with and during training, including transportation, meals, lodging and other expenses. (**Franchise Agreement, Section 5.3**).

Once your Franchised Business has been open for at least 3 months, we may, in our sole discretion, send a representative to your Franchised Business to offer advice and assistance to you. (**Franchise Agreement, Section 5.3**).

We may provide additional advisory assistance and training as we deem necessary, under the terms and conditions outlined in the Manual. We may periodically telephone or visit your Franchised Business for the purposes of rendering advice and consultation with respect to your operation of the Franchised Business, assessing your performance, and determining whether you are operating the Franchised Business in compliance with the standards of the System. (**Franchise Agreement, Section 5.4**).

We may train any number of individuals from multiple franchises concurrently. We also retain the right to modify our training program to suit the individual needs or experience of any particular trainee. (**Franchise Agreement, Section 5.4**).

In the event of the sale or assignment of your Franchised Business, we will train the new franchisee in the same manner and under the same circumstances described above, provided that the new franchisee pays our then-current initial training fee in addition to any applicable transfer fee. The current initial training fee is separate from and in addition to the transfer fee and must be paid in full before training begins.

Once a year, at your cost and expense, you must attend our Annual Conference which will be held at our headquarters or at another location we designate. You must pay the expenses of your supervisory or managerial personnel, including travel, lodging, meals and wages. The cost will depend on the distance you must travel and the accommodations you choose. (**Franchise Agreement, Section 5.5**).

The instructional materials we use in our training program includes the Manual and any other instructional materials that we deem to be beneficial to our franchisees. As of the date of this Disclosure Document, the following is a breakdown of the training program currently in effect:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Paperwork	4	8	HQ/Virtual/Field
Marketing & Sales	17	14	HQ/Virtual/Field
Accounting	1	2	HQ/Virtual/Field
Customer Care	4	8	HQ/Virtual/Field
Equipment	3	4	HQ/Virtual/Field
Safety	10	6	HQ/Virtual/Field/IICRC
Estimating	14	6	HQ/Virtual/Field
Water Restoration	35	10	HQ/Virtual/Field/IICRC
Mold Remediation	30	10	HQ/Virtual/Field/IICRC
Fire/Smoke Restoration	24	10	HQ/Virtual/Field/IICRC
Total	142	78	

Our training program is overseen by our staff and qualified franchisees. Each of our instructors has a minimum of 2 years' experience relevant to the subjects being taught and have been employed by us for at least one month.

In our discretion, we may choose to hold an annual meeting or convention for our franchisees to conduct additional training, announce new products and/or services or discuss any other matters of interest. If and when held, the annual meeting or convention will be mandatory for all franchisees. You agree to bear all costs related to attending the annual meeting or convention, including travel, lodging, meals, wages and a nominal fee for the meeting or convention. This nominal fee will include the cost of the additional training we conduct. (**Franchise Agreement, Section 5.12**).

Confidential Operations Manual

We will loan you a copy of the Manual during the term of your Franchise Agreement. We have formulated these standards to ensure high quality services and products, the efficient operation of your franchise, and the protection of the goodwill associated with the Proprietary Marks. We may modify the Manual from time to time to improve any of these factors. We may provide all or a portion of the Manual to you electronically, such as via a password-protected Website. However, no modification may alter your rights under your Franchise Agreement. You agree to exert your best efforts to promote our

Proprietary Marks and our brand-name identity as it relates to your Franchised Business. The manual consists of 953 pages. (**Franchise Agreement, Article 6**).

You will have the opportunity to view the Manual before you sign the Franchise Agreement.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Because of our rights to use alternative channels of distribution and control national accounts and Catastrophic Events claims, we cannot provide you with an exclusive territory; however, other franchisees are prohibited from directly marketing to or soliciting customers within your Territory through local advertising, direct mail, door-to-door marketing, or similar local marketing methods; provided that such other franchisees may accept jobs in your Territory if those jobs were not directly solicited.

The Franchise Agreement only grants you the right to operate your Franchised Business at the single location designated in the Franchise Agreement and only within the designated territory ("**Territory**") described in Exhibit A of the Franchise Agreement. The size of your Territory is determined based on population, geographical size and natural boundaries within your Territory. You are prohibited from directly soliciting business outside of the Territory.

We reserve the right to use alternate channels of distribution, including the internet, within your Territory and manage Catastrophic Events claims without paying any compensation to you for soliciting or accepting jobs; however, if we receive a job request through any Internet, World Wide Web or other computer network site, or through any other alternative distribution channel, or receive a request for service thru our call center calling for or performance in your Territory, then we will offer the opportunity to you. If you choose not to pursue the opportunity or are otherwise unable to do so, then we may designate a third party (including another franchisee) to fulfill the opportunity, and you will not be entitled to any compensation in connection with that job. You are strictly prohibited from using alternative channels of distribution to make sales outside of your designated Territory.

We will determine the boundaries of your Territory and your Territory will be described in terms of contiguous zip codes, town boundaries or county boundaries, or we may depict your Territory on a map attached as an attachment to your Franchise Agreement. We will use the U.S. Census Bureau and other similar resources to obtain the population data we will use to determine your Territory.

As part of the process of renewing your Franchise Agreement, we reserve the right to re-evaluate your then-existing Territory according to certain demographics, including population. Since your Territory includes a certain minimum population, your Territory under the renewal Franchise Agreement will be modified to accommodate shifts and changes in population. Our intent is to make the target demographics of your renewal Territory similar to the target demographics of your original Territory. A re-evaluation of your Territory may result in your renewal Territory being smaller or larger than your original Territory.

You are not permitted to relocate your Franchised Business without our prior written approval. You may operate the Business solely at the premises approved by us. We may allow a relocation of your Franchised Business to another location within your Territory. We will use our then-current site review criteria when reviewing the relocated site you propose and your new location must not have any adverse impact on the sales of franchisees in any adjoining Territory.

You may sell approved products and services to customers within your Territory. You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or X, without our prior written consent. We will control all “**social media**” initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business’s operation, including prohibitions on your and the Franchised Business’s employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like X, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools).

We reserve the right: (i) of ownership in, and control over the Proprietary Properties; (ii) to grant additional franchises, whether similar or dissimilar to the franchise granted by us, outside of the Territory; (iii) to engage fully and freely and without limitation in each and every aspect of the business of selling related services, products and equipment; (iv) to offer to the public-at-large, separately, jointly or with others, all related services and/or products of every type and kind; (v) to employ and exploit the Proprietary Marks, Copyrights, and Know How in connection therewith; (vi) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided from 911 Restoration Businesses and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (vii) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided from 911 Restoration Businesses, or by another business, even if such business operates, franchises and/or licenses Competing Businesses; and (viii) engage in all other activities that the Franchise Agreement does not expressly prohibit. We may provide services, where: (a) you are unable, unwilling or fail to perform the services needed or requested or is otherwise in default under the Franchise Agreement; or (b) in an emergency situation requiring disaster response in which you are unable, unwilling or fails to respond; or (c) you request such assistance or services from us and we agree to provide the same.

Franchisor maintains exclusive control over all social media initiatives, online business listings, and directory management. You may not create, maintain, promote, or use any social media accounts, pages, handles, or assets that display or reference the Proprietary Marks or the Franchised Business on any social media or networking platforms (including but not limited to Facebook, LinkedIn, X, Instagram, TikTok, YouTube) or any online business directories or review sites (including but not limited to Google My Business, Yelp, Bing Places, or similar platforms), without Franchisor's prior express written consent. Franchisor may, in its sole discretion, provide you with limited access to Franchisor-controlled social media accounts and require you to maintain and update such accounts according to Franchisor's specifications. Franchisor reserves the right to conduct collective and/or national campaigns via any social media platforms, create and manage business listings, and maintain directory entries on your behalf. You may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory. However, you may not make any sales or deliver any products to customers located outside of your Territory unless the customer is located in an area where there is not another 911 Restoration in operation. You may not solicit customers outside of your Territory. You may not sell any products or services at wholesale.

If your Gross Revenue would result in royalty payments lower than the applicable minimum monthly royalty for any six (6) consecutive months, we have the right to: (i) terminate your Franchise Agreement; (ii) modify your Territory to allow other franchisees to operate within your Territory without any

compensation to you; or (iii) require you to participate in a re-sale assistance program to facilitate the sale of your franchised business.

National Accounts Programs

We or our affiliates may, in our discretion, establish and maintain a “**National Accounts Program**” under which we will attempt to create interest in, and develop relationships with, regional or national companies that provide or require emergency clean-up from fire damage, water damage and mold damage, mold inspections, carpet cleaning, duct cleaning, crawl space cleaning, and other products and services provided by 911 Restoration Businesses. If and when we create a National Accounts Program we will have discretion to determine the referral policies and fees for you to participate in the National Accounts Program, which will be set forth in the Manual.

Notwithstanding anything to the contrary in this Agreement or the Manual and our then-current standards, we may offer you the opportunity to accept National Account projects within the Territory requiring the performance of authorized services pursuant to any National Accounts Program that we or our affiliates may implement, provided that you: (i) are in good standing under the terms of your Franchise Agreement; (ii) are current on all National Advertising Fund contributions; (iii) comply with our then-current insurance requirements for National Accounts; (iv) comply with our National Accounts Program manual; and (v) in our reasonable business judgment, have the necessary equipment, personnel, resources and training. We shall have the right to suspend you from the National Accounts Program and/or assign National Account jobs within your Territory to other franchisees if: (i) you fail to meet any of the above requirements; (ii) you decline any National Account job offered to you; (iii) you have declined three (3) or more National Account jobs within any consecutive two (2) month period; or (iv) you are in default of any provision of the Franchise Agreement. If suspended due to default, you must cure such default within thirty (30) days, and failure to do so will constitute a non-monetary default under the Franchise Agreement. Your participation in the National Accounts Program is mandatory, and you may not opt-out of the program. If any of our affiliates operate a 911 Restoration Business in the Territory, we will adhere to the referral policies set forth in the Manual and refer projects from National Accounts in accordance with that policy. However, you acknowledge and agree in your Franchise Agreement that we do not represent or guaranty any volume of jobs or revenue from our National Account program. If you accept a National Accounts project, you must strictly abide by all applicable guidelines, protocols, policies and procedures with respect to the National Account Program, including the pricing of projects and any fees related to the projects. A Program Fee of 5% of gross revenue will be charged for all National Account jobs exceeding \$500, excluding construction jobs and service-call only visits. We will automatically deduct the Program Fee upon receiving payment and remit the balance to you. Royalty fees shall not apply to administrative fees, including the Program Fee. If you decline National Account jobs within your service area and core services repeatedly, your royalty rate will increase to 9% for the subsequent 3-month period, you will be suspended from the National Accounts Program. You are prohibited from directly communicating with or onboarding National Account clients unless specifically authorized by us in advance in writing.

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the Marks. Our principal trademark is “911 Restoration” and associated design. We have registered the following Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”) as follows:

REGISTERED TRADEMARKS				
Mark	Application Date	Serial Number	Registration Number	Registration Date
911 Restoration	April 5, 2006	76/657,886	3,447,294	June 17, 2008 (Renewed on March 5, 2018)
911 Restoration	March 25, 2008	77/431,096	3,605,220	April 14, 2009 (Renewed on April 27, 2015)
	February 3, 2016	86/896,446	5,108,052	December 27, 2016 (Renewed on June 23, 2023)
The Fresh Start Company	June 27, 2023	98/060,771	7,466,123	August 6, 2024
We Don't Want Your Business	May 29, 2024	98/573,960	7,712,266	March 4, 2025
We Hope We Never Work With You	May 29, 2024	98/573,975	7,712,267	March 4, 2025

We have filed all affidavits and other required documents to maintain our interests in and to the Proprietary Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above. There are no agreements currently in effect which limit our right to use or to license others to use the Marks.

You may not do anything to damage or contest or dispute any of our rights to our Proprietary Marks, trade names, copyrighted materials and/or trade secrets.

You must use and display the Proprietary Marks, trade names and use the copyrighted materials and trade secrets strictly in accordance with the specifications set forth in the Manual.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in this state or the state in which the Franchised Business is to be located.

If you learn of any actual or potential claim against you or us relating to the use of the Proprietary Marks, trade names, or copyrighted materials, you must immediately notify us. We may, in our absolute and sole discretion, take any action as we deem necessary to address any claim. You acknowledge and agree that we may defend, compromise, or settle any claim using attorneys of our own choosing and you agree to cooperate fully with us. We agree to protect, defend and indemnify you in connection with the claim unless the claim arises out of or relates to your use of the Proprietary Marks, trade names, and copyrighted materials in violation of the Franchise Agreement, the Manual or otherwise.

If you learn of any unauthorized use of the Proprietary Marks, trade names, copyrighted materials or trade secrets, you must promptly notify us. We will determine whether or not to take any action. You acknowledge and agree that you shall not take any action with respect to any unauthorized use of the Proprietary Marks, trade names, or copyrighted materials.

You may not use the Proprietary Marks, trade names, copyrighted materials, or trade secrets, or any similar words, in your corporate name. You must identify yourself and your Franchised Business as an independent contractor, using the language we specify.

We reserve the right to change or discontinue the use of any mark, name, symbol or other corporate identification. If this occurs, you must conform to the change at your sole cost. Our only obligation is to reimburse you for the documented tangible costs incurred by you to comply with our direction, such as changing signage and stationery.

The license to use the Marks granted in the Franchise Agreement is non-exclusive. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses granted or to be granted to our franchisees;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services; and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not have an ownership interest in any pending or registered patents or copyrights that are material to the franchise. We deem all work appearing in a tangible medium of expression, whether published or unpublished, to fall within the class of our copyrights, including the Manual, all advertisements, video tapes, documents and audio tapes. Registration with the United States Copyright Office, although a condition precedent to litigation, is not a requirement for protection. We have not filed any copyrights. Our right to use or license these copyrights are not materially limited by any agreement or known infringing use, nor is there any current determination of the Copyright Office (Library of Congress) or court regarding these Copyrights.

The Manual is described in Item 11 and below. Although we have yet not filed an application for a copyright registration for our Manual, we hereby claim a copyright and the information in it is proprietary and confidential. You must provide notice to us if you learn about unauthorized use of this proprietary and confidential information. We are not obligated to take any action, and we have sole authority to respond in a manner that we deem appropriate.

Confidential Operations Manual

You must operate your Franchised Business according to the standards, methods, policies and procedures specified in the Manual. We will loan you 1 copy of the Manual for the term of the Franchise Agreement once you complete our initial training program to our satisfaction. We may make the Manual available electronically via a password protected intranet instead of providing a hard copy.

You must treat the Manual, any of our other manuals which are used in the operation of your Franchised Business, and the information in them as confidential, and always use reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise give them to any unauthorized person. The Manual is our sole property and must be kept in a place only accessible by lock and key at your Franchised Business.

We may revise the contents of the Manual from time to time, and you must comply with any changes upon written notice of the change. In the event of any dispute relating to the contents of the Manual, the terms of the master copy maintained by us at our home office will control.

Confidential Information

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any **“Confidential Information”**, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of the Franchise Agreement. **“Confidential Information”** includes: (a) price lists and marketing plans and strategies; (b) proprietary computer software functions, capabilities, code, manuals, fixes, work arounds, revision plans, etc.; (c) customer lists, customer identities, customer contacts and customer preferences (including identities and plans for approaching potential customers); (d) leasing plans, rates and information; (e) the Manual, methods of operations, standards and specifications; and (f) other materials related to the operation of the Franchised Business. You may divulge this confidential information only to those supervisory or managerial personnel that need access to the confidential information to perform their duties. You agree that all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, we may require you and your manager and any supervisory or managerial personnel having access to any confidential information to sign a non-disclosure agreement to protect confidentiality of information they receive in connection with their employment by you at your Franchised Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times faithfully, honestly, and diligently perform your contractual obligations. The **“System Standards”** will regulate the staffing levels and employee and/or independent contractor’s qualifications, training, dress, and appearance of the Franchised Business. You need not participate full-time in the day-to-day operation of the Franchised Business, but you must devote substantial and

continuing efforts to the operation of the Franchised Business. If you do not participate in the daily operations, you must hire a manager to oversee the Franchised Business' daily operation. You must complete our initial training program to our satisfaction. The manager need not have an equity or voting interest in the Franchised Business.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement. Even if we do not require one of your owners to sign Guaranty, that owner still must comply with all non-monetary obligations, including the covenant not to compete, as if he or she were the franchise owner. We do not require that the spouses of any owners sign the Guaranty.

All employees you hire or employ at your Franchised Business will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You are required to perform background checks on all employees before they are hired. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisory or managerial personnel for qualification to perform certain functions at your Franchised Business does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the Franchised Business, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. Thus, the policies and procedures for the selection of employees set forth in the Manual are advisory only. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Each component of the System is vital to us, to other franchisees of the System and to the operation of the Franchised Business. Therefore, you must operate your "911 Restoration" franchise in compliance with the System.

You must operate the Franchised Business in an efficient and professional manner following the highest ethical and moral standards. You must comply with all standards of quality and service prescribed by us.

Due to changes in competitive circumstances, we may periodically change the System to better serve our interests, our franchisees and the System. We may change the components of the System, including revising the services, policies and procedures of the System, and modifying products, materials, and services which you are authorized to offer. There are no restrictions on our right to change the types of goods and services you must offer, and you must abide by these modifications. You acknowledge and agree that upon any such change we are not obligated to replace, modify or supply equipment to you.

We do not restrict the customers you may solicit or service, except as described in Item 12.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the Franchise Agreement attached to this disclosure document.

Provision	Article in Franchise Agreement	Summary
a. Term of the Franchise	Article 4	10 years. If you have been operating for more than 12 months and sign the Early Renewal Addendum, the term will be 10 years plus the remaining term of your existing franchise agreement.
b. Renewal or extension of the term	Article 4	One additional 10 year term
c. Requirements for you to renew or extend	Article 4	Provide advance notice, comply with conditions, and sign the then-current Franchise Agreement, pay renewal fee, sign a general release. The boundaries of your Territory may change based on changes in demographics. The then-current Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement. However, the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees.
d. Termination by you	Not Applicable	You may terminate under any grounds permitted under law.
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	Article 16	We can terminate only if you default.
g. “Cause” defined defaults which cannot be cured	Article 16	Non-curable defaults include: bankruptcy; assignment for the benefit of creditors; abandonment of your Franchised Business; conviction of a felony; violation of law; failure to commence operation of the business as required; failure to complete required training; violation of confidentiality, non-competition provisions; unauthorized transfers, repeated failures.

Provision	Article in Franchise Agreement	Summary
h. “Cause” defined-defaults which may be cured	Article 16	Includes failure to pay fees; obtain approvals; comply with standards; utilizing unapproved products or services.
i. Your obligations on termination/non-renewal	Articles 14 and 17	Includes stopping use of Marks and System; complying with post-term covenants not to compete.
j. Assignment of contract by us	Article 15	There are no restrictions. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.
k. “Transfer” by you - definition	Article 15	The actual or purported transfer of an interest of more than 50% of your Franchised Business.
l. Our approval of transfer by you	Article 15	Our prior written consent.
m. Conditions for our approval of transfer	Article 15	Buyer qualifies; obligations satisfied; buyer completes training program; releases are signed; transfer fee is paid; new Franchise Agreement is signed.
n. Our right of first refusal to acquire your business	Article 15	We can match any offer to purchase.
o. Our option to purchase your business	Article 17	We can purchase your business after termination or expiration of the Franchise Agreement.
p. Your death or disability	Article 15	Must designate a manager within 90 days; if manager is not designated, we may terminate the Agreement.
q. Non-competition covenants during the term of the franchise	Article 14	No involvement in a competing business (subject to applicable state law).
r. Non-competition covenants after the franchise is terminated or expires	Article 14	No involvement in a competing business for 2 years anywhere within the Territory, within a 25-mile radius from the exterior boundaries of the Territory, or within 25-miles of any business using the System and/or the Proprietary Marks, whether franchised, licensed or owned by us or our affiliates. You may not solicit or divert customers to other businesses, employ

Provision	Article in Franchise Agreement	Summary
		or seek to employ any person who is at the time employed by us or another franchisee. If you violate the covenants in Section 14.2, you must pay us 5% of all revenue of the competing business. (subject to applicable state law).
s. Modification of the agreement	Article 19	Only upon mutual agreement.
t. Integration/merger clause	Article 19	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises made outside the disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 20	Arbitration within 5 miles of our headquarters, subject to state law
v. Choice of forum	Articles 19 and 20	Los Angeles County, California (subject to applicable state law)
w. Choice of law	Article 19	The Agreement and all related matters will be governed by the laws of the State where the Franchisee's main business address is located. (subject to applicable state law). The Franchisor's headquarters is Van Nuys, CA.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to endorse or recommend our franchise to prospective franchisees.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example by providing information about possible performance at a particular location or under particular circumstances.

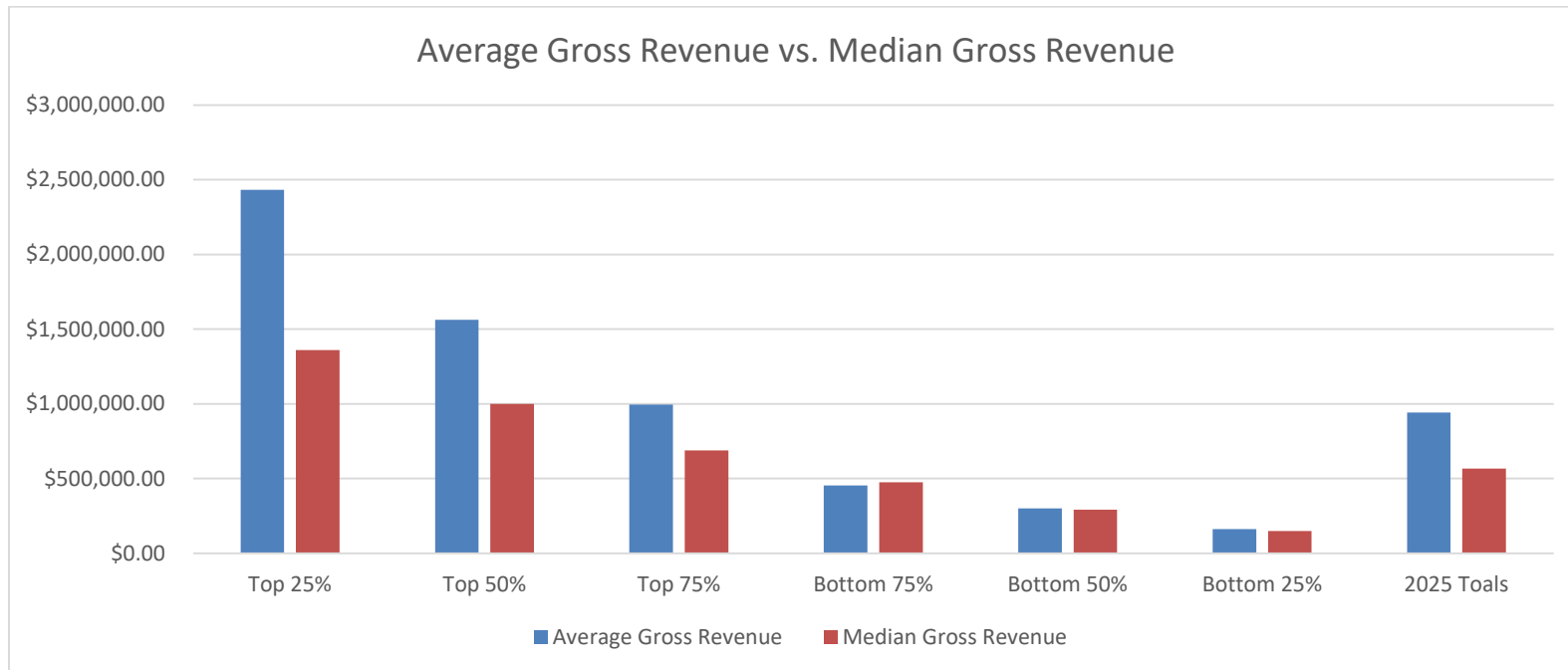
The following financial performance representations disclose the historical data relating to the operation of 196 franchisee-owned 911 Restoration businesses (i.e. territories) owned and operated by 65 franchisee owners that were open and operating from January 1, 2025 to December 31, 2025. The data excludes businesses that opened, closed, or transferred ownership during this period and businesses

that did not provide adequate financial reporting. No company-owned outlets are included in this financial performance representation.

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Table 1: Historical Gross Revenue performance of 911 Restoration franchisee-owned businesses (by operator group)

2025 Franchise Quartile	Number of Operators in Group	Average Gross Revenue	Operators Exceed the Average	% of Operators that Exceed the Average	Highest Gross Revenue	Lowest Gross Revenue	Median Gross Revenue
Top 25%	16	\$2,432,297.76	4	25%	\$7,348,101.54	\$1,024,508.56	\$1,359,506.95
Top 50%	33	\$1,563,318.44	6	18.18%	\$7,348,101.54	\$567,770.98	\$999,157.10
Top 75%	49	\$995,844.73	18	36.73%	\$7,348,101.54	\$299,212.26	\$688,134.14
Bottom 75%	49	\$455,044.17	26	53.06%	\$999,157.10	\$112,059.39	\$475,648.57
Bottom 50%	32	\$300,763.12	15	46.87%	\$562,076.70	\$112,059.39	\$292,310.96
Bottom 25%	16	\$161,973.05	7	43.75%	\$285,409.65	\$112,059.39	\$149,351.16
2025 Totals	65	\$941,752.74	18	27.69%	\$7,348,101.54	\$112,059.39	\$567,770.98



2025 Franchise Quartile	Number of Operators in Group	Average Gross Revenue	Territories	Average Territory Amount (per franchise)	Highest Territory Amount (per franchise)	Lowest Territory Amount (per franchise)	Median Territory Amount (per franchise)	Number That Exceeds the Average
Top 25%	16	\$2,432,297.76	61	3.81	16	1	2	5
Top 50%	33	\$1,563,318.44	108	3.27	16	1	2	11
Top 75%	49	\$995,844.73	162	3.31	16	1	2	17
Bottom 75%	49	\$455,044.17	135	2.76	12	1	2	18
Bottom 50%	32	\$300,763.12	88	2.75	12	1	2	10
Bottom 25%	16	\$161,973.05	34	2.13	7	1	2	3
2025 Totals	65	\$941,752.74	196	3.02	16	1	2	19

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Table 2: Historical performance of 911 Restoration franchisee-owned businesses based upon the size of jobs for the fiscal year ending December 31, 2025 (by operator group)

2025 Franchise Quartile	Number of Operators in Group	Overall Average Job Revenue Size	Median Overall Job Revenue Size	Average Water Job Revenue Size	Median Water Job Revenue Size	Average Fire Job Revenue Size	Median Fire Job Revenue Size	Average Mold Job Revenue Size	Median Mold Job Revenue Size	Average Reconstruction Job Revenue	Median Reconstruction Job Revenue
Top 25%	16	\$9,683.48	\$8,874.24	\$6,203.57	\$5,761.46	\$28,833.91	\$28,773.27	\$3,847.32	\$3,334.43	\$21,691.43	\$14,458.60
Top 50%	33	\$8,366.71	\$7,437.00	\$5,939.05	\$5,368.07	\$20,091.01	\$16,751.20	\$3,755.85	\$3,508.71	\$18,236.39	\$14,392.15
Top 75%	49	\$7,800.14	\$6,889.59	\$6,253.01	\$5,535.49	\$18,319.04	\$15,547.60	\$3,394.54	\$2,587.01	\$15,171.25	\$12,032.21
Bottom 75%	49	\$6,174.04	\$5,911.64	\$5,641.01	\$4,844.75	\$9,676.69	\$4,769.66	\$3,763.15	\$2,400.79	\$9,841.81	\$6,785.03
Bottom 50%	32	\$5,667.57	\$5,807.37	\$5,614.94	\$5,638.23	\$8,515.53	\$175.92	\$3,812.76	\$2,127.86	\$7,109.71	\$5,806.74
Bottom 25%	16	\$4,703.56	\$4,318.15	\$4,329.34	\$3,743.49	\$2,366.70	\$0.00	\$4,976.19	\$1,811.73	\$5,370.03	\$3,939.57
2025 Totals	65	\$7,037.90	\$6,257.81	\$5,779.49	\$5,382.31	\$14,392.31	\$9,275.90	\$3,783.87	\$2,536.82	\$12,758.64	\$9,974.61

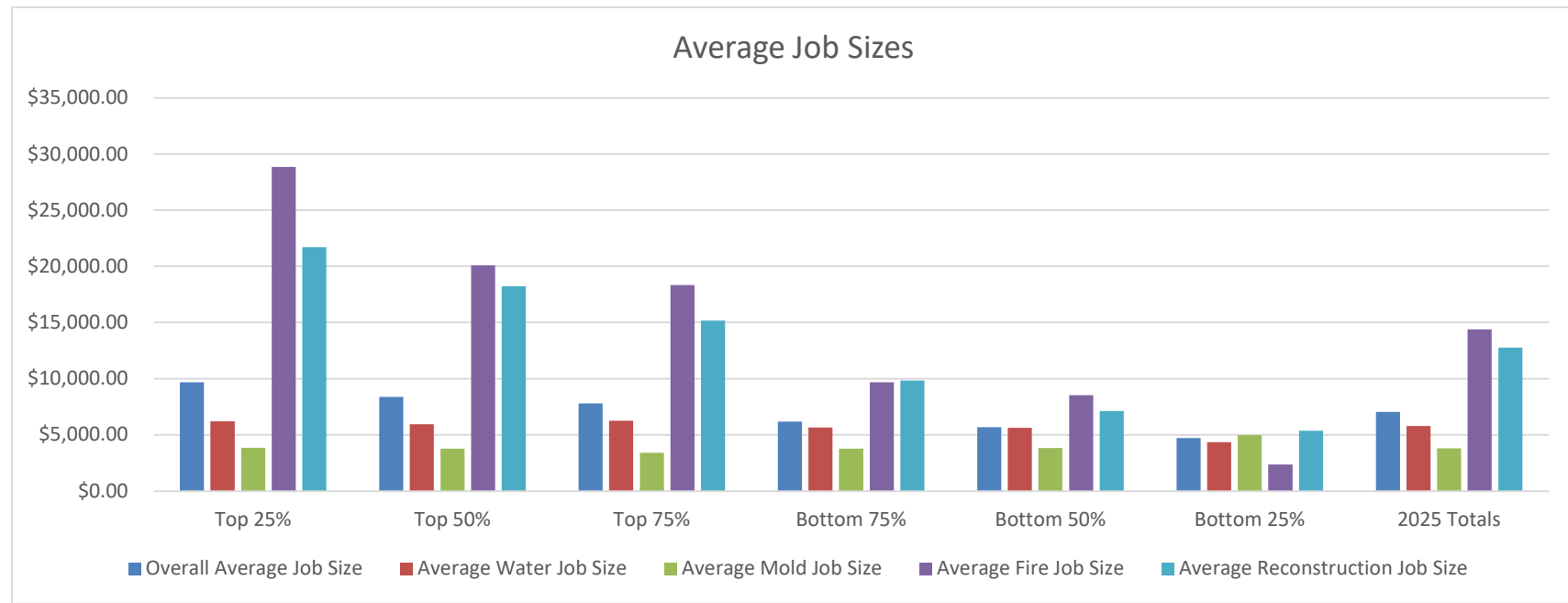


Table 3 – Historical Performance of 911 Restoration Single Territory Franchisee-Owned Businesses Gross Revenue

2025 Franchise Quartile	Number of Operators in Group	Average Gross Revenue	Operators Exceed the Average	% of Operators that Exceed the Average	Highest Gross Revenue	Lowest Gross Revenue	Median Gross Revenue
Top 25%	4	\$959,633.17	2	50%	\$1,188,874.29	\$687,508.67	\$981,074.86
Top 50%	8	\$757,637.27	3	37.5%	\$1,188,874.29	\$542,591.08	\$627,639.83
Top 75%	12	\$615,961.21	4	33.33%	\$1,188,874.29	\$197,349.28	\$556,101.71
Bottom 75%	12	\$338,228.81	6	50%	\$567,770.98	\$116,544.41	\$320,936.97
Bottom 50%	8	\$229,522.53	3	37.5%	\$491,213.14	\$116,544.41	\$168,775.56
Bottom 25%	4	\$126,435.98	2	50%	\$140,201.83	\$116,544.41	\$124,498.83
2025 Totals	16	\$493,579.90	9	56.25%	\$1,188,874.29	\$116,544.41	\$516,902.11

ONE TERRITORY: Average Gross Revenue vs. Median Gross Revenue

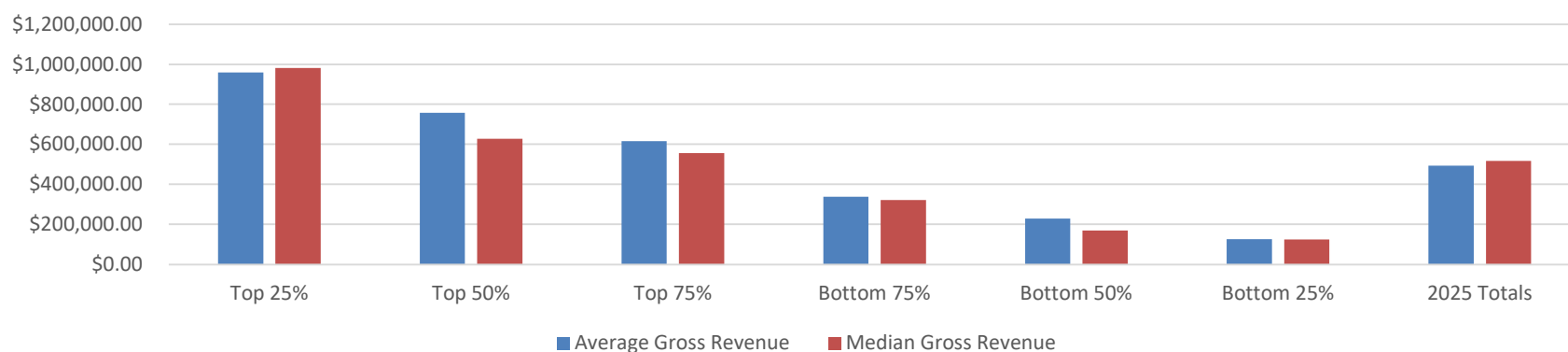
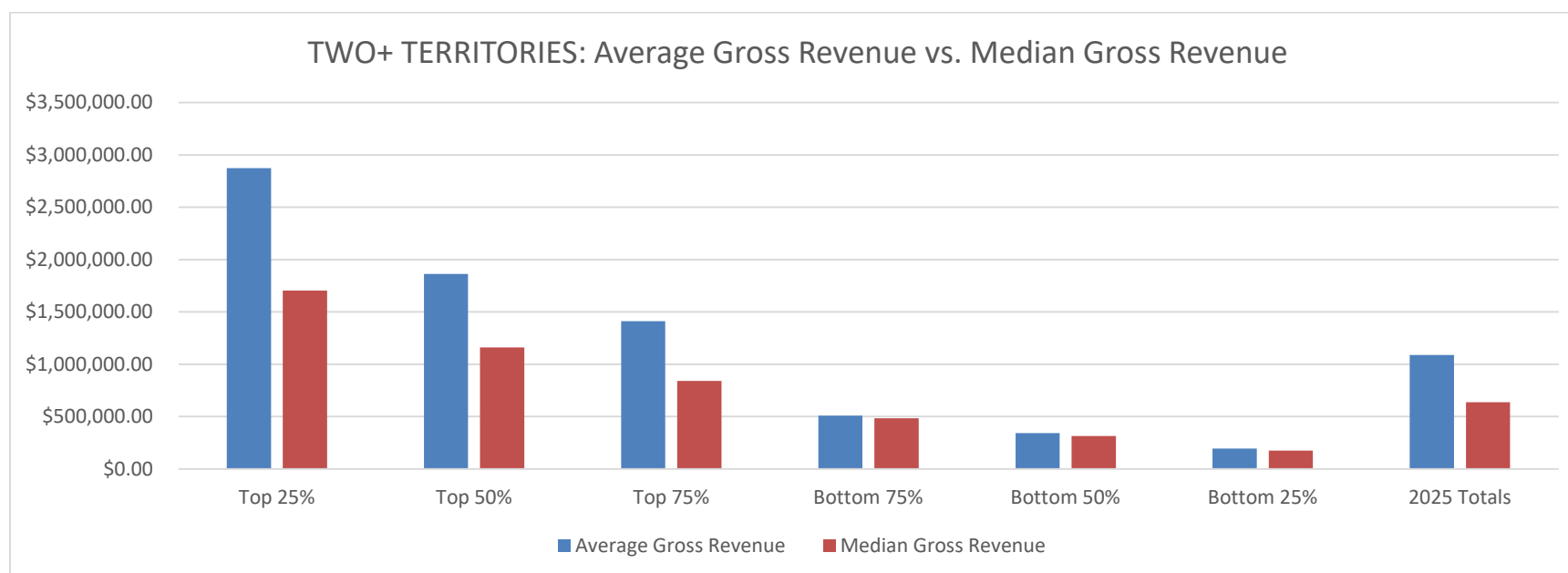


Table 4 – Historical Performance of 911 Restoration Two or More Territory Franchisee-Owned Businesses Gross Revenue

2025 Franchise Quartile	Number of Operators in Group	Average Gross Revenue	Operators Exceed the Average	% of Operators that Exceed the Average	Highest Gross Revenue	Lowest Gross Revenue	Median Gross Revenue
Top 25%	12	\$2,873,149.35	4	33.33%	\$7,348,101.54	\$1,210,822.33	\$1,703,130.17
Top 50%	24	\$1,863,951.84	6	25%	\$7,348,101.54	\$658,122.58	\$1,159,975.29
Top 75%	36	\$1,410,948.56	7	19.44%	\$7,348,101.54	\$330,916.28	\$841,943.03
Bottom 75%	37	\$509,158.32	16	43.24%	\$1,109,128.24	\$112,059.39	\$485,682.29
Bottom 50%	25	\$343,272.23	11	44%	\$638,456.86	\$112,059.39	\$315,479.56
Bottom 25%	13	\$194,038.59	5	38.46%	\$315,479.56	\$112,059.39	\$175,126.58
2025 Totals	49	\$1,088,094.89	14	28.57%	\$7,348,101.54	\$112,059.39	\$638,456.86



Notes:

1. "Gross Revenue" means all fees received by a franchisee (including actual deposits in franchisee's bank accounts as well as undeposited cash receipts) from, through, by or on account of the operation of its franchised business, whether received in cash, in services or in kind, less: (i) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers and actually paid by Franchisee to governmental authorities; and (ii) the amount of any documented refunds, credits and allowances given in good faith to customers by Franchisee.

2. We do not require that multi-territory franchisees report income separately for each territory; therefore for those franchisees who own and operate more than 1 territory, all Gross Revenue for the territories have been combined for the historical representations shown above.

3. We calculated the figures in this Item 19 using data submitted to us by the representative franchisee-owned 911 Restoration businesses. We have not audited or independently verified this data nor have we asked questions of the representative franchisee-owned 911 Restoration businesses to determine whether they are in fact accurate and complete.

4. As of the date of this Disclosure Document we have not sold any micro-market franchises.

5. These results represent sales of products and services similar to those that will be available to the franchisee to sell.

6. Written substantiation for these financial performance representations is available upon reasonable request.

Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Franchisor's management by contacting our President, Miri Offir, 7721 Densmore Avenue, Van Nuys, California 91406; telephone: (818) 373-4880, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY
FOR FISCAL YEARS 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*				
	2023	281	322	+41
	2024	322	326	+4
	2025	326	329	+3
Company-Owned				
	2023	6	6	0
	2024	6	4	-2
	2025	4	4	0
Total Outlets				
	2023	287	328	+41
	2024	328	330	+2
	2025	330	334	+4

*We have 4 Canadian franchises not listed in this Item 20 but which is included on our financial statements attached to this Disclosure Document as Exhibit E

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TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
FOR FISCAL YEARS 2023 to 2025

State	Year	Number of Transfers
Arizona	2023	0
	2024	2
	2025	0
California	2023	11
	2024	0
	2025	11
Maryland	2023	0
	2024	0
	2025	10
Michigan	2023	0
	2024	2
	2025	0
Missouri	2023	0
	2024	1
	2025	0
South Carolina	2023	0
	2024	2
	2025	0
Texas	2023	0
	2024	2
	2025	0
Total	2023	11
	2024	9
	2025	21

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TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Arizona								
	2023	6	0	0	0	0	0	6
	2024	6	2	0	0	0	1	7
	2025	7	0	0	0	0	0	7
Arkansas								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
California								
	2023	71	16	2	0	0	0	85
	2024	85	3	0	1	0	0	87
	2025	87	0	1	0	0	0	86
Colorado								
	2023	5	0	0	0	0	0	5
	2024	5	0	2	0	0	0	3
	2025	3	3	1	0	0	0	5
Connecticut								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Florida								
	2023	50	0	0	0	0	0	50
	2024	50	0	0	1	0	0	49
	2025	49	0	0	0	0	0	49

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Georgia								
	2023	8	2	0	0	0	0	10
	2024	10	0	2	0	0	0	8
	2025	8	0	0	0	0	0	8
Hawaii								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Idaho								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Illinois								
	2023	1	1	0	0	0	0	2
	2024	2	0	0	1	0	0	1
	2025	1	0	0	0	0	0	1
Indiana								
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	1	0	0	0	0	9
Iowa								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Kansas								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Louisiana								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Maryland								
	2023	9	0	0	0	0	0	9
	2024	9	2	0	0	0	0	11
	2025	11	0	0	0	0	0	11
Massachusetts								
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Michigan								
	2023	12	6	0	0	0	0	18
	2024	18	0	0	0	0	0	18
	2025	18	0	0	0	0	0	18
Minnesota								
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Mississippi								
	2023	3	1	0	0	0	0	4
	2024	4	4	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Missouri								
	2023	2	5	0	0	0	0	7
	2024	7	1	0	0	0	0	8
	2025	8	0	0	0	0	0	8
Nevada								
	2023	3	0	0	0	0	0	3
	2024	3	1	0	0	0	0	4
	2025	4	0	0	0	0	0	4
New Jersey								
	2023	3	4	0	0	0	3	4
	2024	4	0	0	0	0	0	4
	2025	4	1	0	0	0	0	5

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
New Mexico								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
New York								
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	1	1
	2025	1	1	0	0	0	0	2
North Carolina								
	2023	8	0	0	0	0	0	8
	2024	8	8	0	0	0	0	8
	2025	8	1	0	0	0	0	9
Ohio								
	2023	2	0	0	0	0	1	1
	2024	1	1	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Oklahoma								
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Oregon								
	2023	2	0	0	0	0	0	2
	2024	2	2	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Pennsylvania								
	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
South Carolina								
	2023	4	0	0	0	0	0	4
	2024	4	4	0	0	0	0	4
	2025	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Tennessee								
	2023	6	3	0	0	0	0	9
	2024	9	1	1	0	0	0	9
	2025	9	0	0	0	0	2	7
Texas								
	2023	37	5	1	0	2	4	35
	2024	35	0	0	0	0	0	35
	2025	35	1	0	0	0	3	33
Utah								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Virginia								
	2023	6	0	0	0	0	0	6
	2024	6	1	0	0	0	0	7
	2025	6	0	0	1	0	0	5
Washington								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	1	0	0	0
	2025	0	0	0	0	0	0	0
Washington DC								
	2023	1	11	0	0	0	0	12
	2024	12	0	0	0	0	0	12
	2025	12	0	0	0	0	0	12
Wisconsin								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	2	0	0	0	0	5
Wyoming								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Total								
	2023	281	55	3	0	2	9	322
	2024	322	15	5	4	0	2	326
	2025	326	11	2	1	0	5	329

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR FISCAL YEARS 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida							
	2023	0	1	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
New York							
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3
Tennessee							
	2023	2	0	0	0	0	2
	2024	2	0	0	0	2	0
	2025	0	0	0	0	0	0
Total							
	2023	6	0	0	0	0	6
	2024	6	0	0	0	2	4
	2025	4	0	0	0	0	4

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2025

State	Franchise Agreements Signed but not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
New York	1	1	0
Texas	1	1	0
Wisconsin	2	2	0
Total	4	4	0

A list of the names of all franchisees and the addresses and telephones numbers of their Businesses is attached as **Exhibit D** to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document are listed on **Exhibit D** to this Disclosure Document

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the 911 Restoration System.

There are no trademark-specific organizations formed by our franchisees that are associated with the 911 Restoration System.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as **Exhibit E** are our audited financial statements for the periods ending December 31, 2025, December 31, 2024 and December 31, 2023. Our fiscal year ends December 31 of each year.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement (with Conversion Addendum) – Exhibit B
Franchise Compliance Certificate – Exhibit F
Form of General Release – Exhibit G

ITEM 23 RECEIPTS

Attached as **Exhibit K** are 2 copies of an acknowledgment of receipt by you, acknowledging receipt of this Disclosure Document by you, together with accompanying documents. Please sign and date both, keeping one for your files.

Exhibit A

List of State Administrators and State Agents for Service of Process

**LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF
PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Commissioner of Department of Financial Protection and Innovation 651 Bannan Street, Suite 300 Sacramento, California 95811 (213) 576-7500 (866) 275-2677 Toll Free Ask.DFPI@dfpi.ca.gov	Commissioner of Department of Financial Protection and Innovation 651 Bannan Street, Suite 300 Sacramento, California 95811 (213) 576-7500 (866) 275-2677 Toll Free Ask.DFPI@dfpi.ca.gov
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division 302 West Washington Street, Room E- 111 Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 West Ottawa Lansing, Michigan 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MINNESOTA	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department Of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, North Dakota 58505 (701) 328-2910	Insurance Commissioner North Dakota Insurance & Securities Department 600 East Blvd Ave, Dept. 401 Bismarck, North Dakota 58505 (701) 328-2910
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Director, Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462 9582	Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462 9582

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance 124 S. Euclid Avenue 2nd Floor Pierre, South Dakota 57501-3185 (605) 773-3563	Director of the Division of Insurance Securities Regulation Department of Labor and Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504- 1200 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501
WISCONSIN	Franchise Registration Division of Securities Wisconsin Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064

Exhibit B

Franchise Agreement (with Conversion Addendum)

911 RESTORATION FRANCHISE INC.
FRANCHISE AGREEMENT

☐ Traditional

☐ Conversion

☐ Micro-Market

FRANCHISEE

DATE OF AGREEMENT

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EXHIBITS:

- A – Location and Territory
- B – Confidentiality Agreement
- C – Confidentiality and Non-Competition Agreement (Employees)
- D – Guaranty

E – Electronic Transfer Authorization
F – Credit Card Authorization
G – Conversion Addendum
H – Insurance Requirements
I – Incentive Plan

FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this ____ day of _____, 202__ (the “**Effective Date**”) by and between **911 RESTORATION FRANCHISE INC.**, a California corporation (the “**Franchisor**”), on the one hand, and _____, an individual/partnership/corporation residing, formed, or incorporated in the State of _____ (the “**Franchisee**”), on the other hand, with reference to the following facts:

A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and is in the process of further developing, a distinctive, proprietary and evolving system (hereinafter the “**System**”) for, among other things, providing and marketing of Restoration Services and Non-Restoration Services, as defined herein, using the Proprietary Properties, Copyrights, Know How, and Proprietary Marks, each as defined in further detail below;

B. Franchisee desires to enter into the business of owning and operating a 911 Restoration Business in accordance with the System and wishes to obtain a franchise from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith.

C. Franchisee understands and acknowledges the importance of, and benefits to be derived from, the System, as well as Franchisor’s high standards of quality and service, and the necessity of operating the Franchised Business (as defined below) in conformity with Franchisor’s standards and specifications.

D. Franchisee desires to obtain a franchise and license to use the System and the Proprietary Marks at the location described in **Exhibit A**, pursuant to the provisions of this Agreement, and represents and warrants that it has the business experience and financial ability to operate a 911 Restoration business, and Franchisor is willing to grant Franchisee such franchise and license under the terms and conditions of this Agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1 DEFINITIONS

In addition to any other terms defined in this Agreement, the following definitions shall govern this Agreement:

“**911 Restoration Business**” means a business operating under the System using the Proprietary Marks, Know How, Manuals, Copyrights, and any other Proprietary Properties.

“**Affiliate**” or “**Affiliates**” mean any person or entity that controls, is controlled by, or is under common control with, a party to this Agreement. Control of a person or entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

“Agreement” means this document, including all exhibits hereto and documents referenced and incorporated herein.

“Artificial Intelligence” means computer systems, software, algorithms, or technologies that can perform tasks that typically require human intelligence, including but not limited to learning, reasoning, problem-solving, perception, language processing, decision-making, and pattern recognition. This includes machine learning systems, neural networks, natural language processing systems, computer vision systems, and any other automated systems that simulate cognitive functions, whether operating independently or as part of larger computer and information systems.

“Audit Fee” means the then-current fee established by Franchisor, as set forth in the Manual or the NAP Manual, payable by Franchisee when a National Account client requires that Franchisee’s job file be audited.

“Business Launch Fee” means the non-refundable fee of ten thousand dollars (\$10,000) that Franchisee must pay Franchisor for Franchisor’s guidance and assistance in planning and launching the Franchised Business, including marketing activities in the Territory as determined by Franchisor in its sole discretion, which may include, without limitation, email marketing campaign, branding campaigns, digital assets and other promotional activities.

“Catastrophic Event” means storms, hurricanes, fires, floods, and the like, as determined by Franchisor, in which Restoration Services or Non-Restoration Services are performed.

“Conference Registration Fee” means, subject to the Annual Adjustment, (a) \$500 per non-owner attendee; and (b) \$1000 per owner attendee.

“Construction Services” means jobs that include, but are not limited to, framing carpentry, cabinetry removal and put back/installation, cabinetry repair, roofing, flooring, drywall and plastering, carpet and pad installation, painting, wallpapering installation, and repair of heating, cooling, electrical and plumbing systems, which involve structural reconstruction, cosmetic restoration, or mechanical restoration associated with disaster restoration.

“Conversion Franchise” means a franchise granted to a Franchisee that has owned and operated an existing restoration business for a minimum of three (3) consecutive years immediately prior to becoming a franchisee, with an average annual Gross Revenue from Mitigation Services of at least Two Hundred Fifty Thousand Dollars (\$250,000) during those three (3) years, and that has been designated as a Conversion Franchise by Franchisor in writing.

“Copyrights” means all work rendered in a tangible medium of expression as defined under U.S. Copyright Law, 17 U.S.C. Sec. 101, *et seq.*, that relates to the 911 Restoration Business, whether published or unpublished, whether confidential or not, whether created by Franchisor, its Affiliates or one (1) or more of its franchisees, assigned hereunder to and owned by, or licensed to Franchisor and licensed for use by Franchisee as part of the 911 Restoration Business under this Agreement, including without limitation, the Manuals.

“Franchised Business” means the specific business that Franchisee is licensed hereunder to conduct using the Proprietary Marks, Know How, Manuals, Copyrights, and any other Proprietary Properties as part of the System pursuant to this Agreement.

“Gross Revenue” shall have the meaning set forth in Section 8.5 of this Agreement.

“Initial Training Fee” means, as applicable (i) the non-refundable initial training fee ranging from \$2,500 to \$3,500 for the first trainee, or (ii) the non-refundable initial training fee ranging from \$500 to \$1,500 for each additional trainee.

“Know How” means Franchisor’s: (a) trade secrets and know-how, whether existing now or created during the term of this Agreement by Franchisor, its Affiliates and/or one (1) or more of its franchisees (and assigned back to Franchisor), as conveyed to Franchisee, that relate to, *inter alia*, Franchisor’s products and/or processes, marketing practices, and business methods, affairs, tools and techniques, as well as including its customers or prospective customers lists and trade relationships including pricing information, which tends to give Franchisor and its network of franchisees a competitive edge over others who provide the same or similar products or services in the field of hazardous response services; (b) inventions that may be protected by the filing of U.S. patent applications under Title 35 of the United States Code and/or foreign statutory counterparts; and (c) all unpublished or otherwise confidential work that has been rendered and “work made for hire” protected under Title 17 of the United States Code and other applicable foreign copyright statutes. Know How need not take the form of any particular tangible medium of expression, but may also be found or contained in the form of records, magnetic media, papers, photographs, catalogs, books, cassettes, videotapes, computer files, or stored or fixed on computer hard or soft disks or diskettes.

“Mitigation Services” means jobs that involve at least one of the following services: water mitigation, mold remediation, sanitization and/or fire/smoke damage abatement.

“Multiple Franchise Ownership” means the simultaneous acquisition by a single Franchisee of franchises for two (2) or more Territories under one or more Franchise Agreements executed concurrently with Franchisor.

“NAP Manual” means the National Accounts Program Manual issued by Franchisor, as may be amended from time to time, setting forth the policies, procedures, and requirements governing Franchisee’s participation in the National Accounts Program.

“Reporting Tool” means the then-current software, platform, or reporting system designated by Franchisor for Franchisee’s monthly reporting of sales, collections, and other financial data required under this Agreement.

“Non-Restoration Services” means jobs performed by, or on behalf of, Franchisee that do not constitute Mitigation Services or Restoration Services, including, by way of example and not limitation, board-up, carpet cleaning, construction, repair, roofing, remodeling or reconstruction services regardless of the origin of such services.

“Products and Services” means the products and services approved by Franchisor for franchisees in the System to offer and/or provide to their customers, as may be modified at Franchisor’s sole discretion during the term of this Agreement.

“Proprietary Marks” means all the trademarks, service marks, trade names, logos, emblems, and indicia of origin from time to time authorized by Franchisor for use by Franchisee.

“Proprietary Properties” means the Copyrights, Know How, Manuals and Proprietary Marks.

“Restoration Services” means jobs that involve at least one of the following services: water mitigation, mold remediation, sanitization, content pack in and out, air duct cleaning, crawl space, insulation and/or fire/smoke damage abatement, trauma cleaning, hazardous, asbestos abatement, water mitigation, mold remediation, sanitization, janitorial services, Storage Services, and/or crawl space cleaning.

“Royalty Fee(s)” shall have the meaning set forth in Section 8.4 of this Agreement.

“Storage Services” means the storing of a customer’s goods during the performance of Restoration Services and Non-Restoration Services by Franchisee.

“System” means the system of operations developed by Franchisor as a result of the expenditure of time, skill, effort, and money for the establishment and operation of 911 Restoration Businesses that utilize the Proprietary Properties and provide the Products and Services and the marketing of such 911 Restoration Businesses and the Products and Services.

“Territory” means and constitutes the protected territorial limits of the license granted to Franchisee hereunder (geographically defined in Exhibit A, which Exhibit is hereby incorporated by reference).

ARTICLE 2

GRANT OF FRANCHISE AND LICENSE

2.1 Grant of Franchise. Subject to the provisions of this Agreement and all documents or other agreements ancillary thereto, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, the franchise and license to operate a 911 Restoration Business within the Territory, in accordance with Franchisor’s specifications and this Agreement, and subject to Section 3.1.2 such other areas outside of the Territory. This license is not sublicensable, subcontractable, nor assignable, except as may be set forth in this Agreement. Franchisee agrees to use the Proprietary Properties solely for the Franchised Business, and for no other purpose.

2.2 Location of the Franchised Business. The Franchised Business must only be operated from the specific street address of the Approved Location. This Agreement does not grant to Franchisee the right or license to operate the Franchised Business or to offer or sell any products or services described under this Agreement at or from any other location.

2.3 Relocation of the Franchised Business. To protect the System, the Proprietary Marks, the Copyrights, the Proprietary Properties, Know How and the goodwill associated with

the same, Franchisee shall not relocate the Franchised Business without Franchisor's express prior written consent, which consent shall not be unreasonably withheld. Franchisor shall not consent to any relocation of the Franchised Business to any location outside of Franchisee's Territory. Franchisor will use Franchisor's then-current site review criteria when reviewing the relocation site, and any proposed relocation shall not have any adverse impact on the sales of franchisees in any adjoining Territory, which shall be determined by Franchisor in Franchisor's sole determination.

ARTICLE 3

TERRITORIAL SCOPE, FRANCHISEE RESTRICTIONS AND FRANCHISOR'S RESERVED RIGHTS

3.1 Restriction on use of Proprietary Properties.

3.1.1 Franchisee's right to operate the Franchised Business and the right to use, display, and advertise the Proprietary Marks and other Proprietary Properties is restricted to the Territory. Any use by Franchisee of any part or all of the Proprietary Properties outside the Territory is strictly prohibited, unless expressly permitted in writing by Franchisor or as otherwise permitted herein.

3.1.2 Franchisee is expressly prohibited from directly soliciting business outside of the Territory. It is recognized that, upon occasion, it may be necessary and helpful for Franchisee to, on a per incident basis, provide Products and Services outside of the Territory to customers that are not solicited by Franchisee. Franchisee may accept jobs from within an Other Designated Territory if such jobs are unsolicited and Franchisee complies with this Section. In such circumstances, should Franchisee operate any portion of the Franchised Business in an area outside of the Territory, then such operation shall: (a) be restricted to a per incident basis; (b) be subject to the express written approval of Franchisor, which approval may be granted or withheld at Franchisor's sole option; and (c) if such activities are to be conducted in another franchisee's territory (the "**Other Designated Territory**"), be subject to the prior written permission of the franchisee whose Other Designated Territory contains the location where the work will be performed or the client's principal residence or business address (the "**Other Franchisee**"). If Franchisee is the "Other Franchisee" under another franchisee's franchise agreement, Franchisee shall not unreasonably withhold its consent to such per incident operation. If Franchisee is granted permission to perform services in the Other Designated Territory by both the Other Franchisee and Franchisor, Franchisee shall be obligated to pay the Other Franchisee an amount equal to three percent (3%) of the total revenue for the services performed and/or products sold in the Other Designated Territory; provided however, that if the Other Franchisee's franchise agreement requires a payment of five percent (5%) for services in an Other Designated Territory, then the three percent (3%) payment required hereunder shall be increased to five percent (5%). It is the obligation of the Franchisee performing services pursuant to this Section to advise in writing the Other Franchisee prior to the performance of any work and, thereafter, to remit the fee owing in connection therewith. This payment shall be in addition to any amounts Franchisee owes to Franchisor pursuant to this Agreement. If Franchisee is not granted permission from either the Other Franchisee or Franchisor, Franchisee may not service the customer in the Other Designated Territory. Notwithstanding the foregoing, such 3% fee (or 5% fee, as applicable) will not be required to be paid if (i) the Other Franchisee is in default of its franchise agreement with

Franchisor or suspended from providing Products and Services in Other Designated Territories at the time Franchisee performs the services in such Other Franchisee's territory; or (ii) if the Products and Services are provided in accordance with the National Accounts Program. If Franchisee nevertheless services the client in the Other Designated Territory, or fails to provide the required written notice to the Other Franchisee and Franchisor as required by this Section, Franchisee shall be in violation of this Agreement. In such case, Franchisor shall provide written notice to Franchisee, and within ten (10) days of receiving written notice of such violation, Franchisee: (i) must, within forty-eight (48) hours, cease providing services to the client in the Other Designated Territory, except for any pre-scheduled appointments within the next seven (7) days which may be completed to maintain customer goodwill; and (ii) pay Franchisor an encroachment fee of five thousand dollars (\$5,000). If with respect to any calls or other communications for Products or Services referred through the Dispatch Center Programs, Franchisee: (a) chooses not to provide service; (b) does not answer the call or otherwise is unable to service the call for any reason; (c) is unable to provide service in a timely manner; or (d) is suspended due to Franchisee's breach of any contract with Franchisor, Franchisor may restrict or prohibit Franchisee from providing Products or Services in an Other Designated Territory.

3.1.3 In a Catastrophic Event provided for in Section 3.3, Franchisor shall have the right to suspend or modify the application of Section 3.1.2 in relation to the management and/or servicing of the Catastrophic Event, by written announcement or by written notice to affected Franchisees.

3.2 Limitations on Franchisee's Activities. Franchisee's activities are limited to offering and selling those Products and Services permitted by way of this Agreement under the System from the approved location(s) in the Territory. Franchisee has been granted no right of ownership in and/or to any part or all of the Proprietary Properties.

3.3 Catastrophic Events. In the event a Catastrophic Event occurs in the Territory, as determined by Franchisor in its sole discretion, Franchisee is deemed to automatically relinquish the right to sell Products and perform Services as they relate to the Catastrophic Event, as such right shall belong exclusively to Franchisor or as Franchisor shall designate. Franchisor may establish programs from time to time to address needs during Catastrophic Events and will communicate the terms to Franchisee. Franchisor has the right to modify the Catastrophic Events programs from time to time in Franchisor's discretion. The programs may include, without limitation assigning other franchisees to sell Products and perform Services as they relate to the Catastrophic Event even within Franchisee's Territory and control all claims and billing as well as charge a reasonable administrative fee for such services. Franchisee understands and acknowledges that if another franchisee is allowed to sell Products and perform Services as they relate to the Catastrophic Event within Franchisee's Territory that Franchisee will not receive any payment for the sale of such Products or performance of such Services. Franchisee also acknowledges that Franchisor shall not be held responsible for work performed within Franchisee's Territory by other franchisees during any Catastrophic Event or the impact such actions may have on Franchisee's Territory or the Franchised Business.

3.4 Rights Reserved to Franchisor. Franchisor reserves the right: (i) of ownership in, and control over the Proprietary Properties; (ii) to grant additional franchises, whether similar or dissimilar to the franchise granted by this Agreement, outside of the Territory; (iii) to engage fully

and freely and without limitation in each and every aspect of the business of selling related services, products and equipment; (iv) to offer to the public-at-large, separately, jointly or with others, all related services and/or products of every type and kind; (v) to employ and exploit the Proprietary Marks, Copyrights, and Know How in connection therewith; (vi) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided from 911 Restoration Businesses and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (vii) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided from 911 Restoration Businesses, or by another business, even if such business operates, franchises and/or licenses competing businesses; (viii) to use, and to authorize others to use, Franchisee's name, likeness, image, voice, photographs, videos, testimonials, biographical information, and that of Franchisee's owners, officers, directors, employees, and representatives in any medium for advertising, promotional, marketing, publicity, trade or commercial purposes, without compensation and without prior notice or approval; (ix) as provided in Section 3.3; and (x) engage in all other activities that this Agreement does not expressly prohibit. Provided Franchisee is not in default under this Agreement or any other agreement with Franchisor, and except as provided for elsewhere in this Agreement, Franchisor agrees to refrain from directly providing emergency clean-up and restoration services in the Territory. The foregoing notwithstanding, Franchisor may provide such services, where: (a) Franchisee is unable, unwilling or fails to perform the services needed or requested or is otherwise in default under this Agreement; or (b) in an emergency situation requiring disaster response in which Franchisee is unable, unwilling or fails to respond; or (c) Franchisee requests such assistance or services from Franchisor and Franchisor agrees to provide the same.

3.5 National Accounts Program. Franchisor or its Affiliates may, in their sole discretion, establish, maintain and from time to time revise a program (the “**National Accounts Program**”), as further detailed in the National Accounts Program Manual (“**NAP Manual**”) under which Franchisor or its Affiliates will attempt to create interest in, and develop relationships with, regional or national companies that provide or require emergency clean-up from fire damage, water damage and mold damage, mold inspections, carpet cleaning, duct cleaning, sanitization, crawl space cleaning, and other Products and Services provided by 911 Restoration Businesses (each a “**National Account**”). Franchisee must comply with the NAP Manual and the applicable National Accounts Program with respect to each National Accounts Program in which Franchisee participates. Franchisor and its Affiliates shall have discretion to determine the referral policies and fees for Franchisee to participate in the National Accounts Program, which shall be set forth in the Manual. As long as Franchisee (i) is not in default under this Agreement or any other agreement with Franchisor, (ii) is current with and has timely paid all National Advertising Fund contributions, (iii) complies with Franchisor's then-current insurance requirements for each National Account, (iv) strictly complies with the NAP Manual as updated from time to time by Franchisor, (v) maintains, in Franchisor's reasonable business judgment, all necessary equipment, personnel, certifications, licenses, insurance, resources and training as specified in the NAP Manual, (vi) meets all eligibility criteria set forth in the NAP Manual, (vii) has not received any unresolved complaints or negative feedback from a National Account within the previous twelve (12) months, as determined by Franchisor in its reasonable discretion, and (viii) is approved by the National Account, if applicable, Franchisor shall offer Franchisee the opportunity to accept

projects within the Territory requiring the Products and Services subject to the requirements of any National Accounts Program that Franchisor and its Affiliates may implement. Franchisee understands that if a National Account client has not approved Franchisee, or at any time revokes approval of Franchisee, that Franchisor cannot refer such National Account to Franchisee until Franchisee is approved. If any Affiliate of Franchisor operates in the Territory, Franchisor shall adhere to the referral policies set forth in the NAP Manual and refer projects from the National Accounts Program in accordance with that policy to Franchisee or Franchisor's Affiliate according to who Franchisor believes, in Franchisor's reasonable business judgment, is best suited to perform the particular project in view of the project's size, technical requirements, deadlines for completion and other specifications. Franchisor shall attempt to allocate referrals requiring the Products and Services in the Territory in an orderly manner so that Franchisee and Franchisor's Affiliate will receive a comparable number of referrals. However, Franchisee acknowledges and agrees that Franchisor does not represent or guaranty that the number of projects referred to Franchisee, or the aggregate gross revenues of those projects, will be equal to Franchisor's Affiliates also doing business in the Territory. Franchisee further understands and acknowledges that Franchisor shall have the right to immediately suspend Franchisee's participation in the National Accounts Program and/or assign or reassign projects to other franchisees, even if such projects are within the Territory, if Franchisee fails to strictly comply with any provision of this Agreement, the Manual, the NAP Manual, the applicable National Accounts Program for a National Account. Additionally, Franchisor may immediately suspend participation and/or reassign projects if: (a) Franchisee declines any National Account job within the Territory; or (b) if Franchisee has declined three (3) or more National Account jobs within any consecutive two (2) month period, in which case the royalty rate shall automatically increase to nine percent (9%) for the subsequent three (3) month period. Neither Franchisor nor its Affiliates shall be liable to Franchisee for allocation decisions made in the exercise of their business judgment. Franchisee shall be required to accept and participate in all National Accounts Program opportunities referred to Franchisee under this Section 3.5. The National Accounts Program is a mandatory component of the franchise system. Franchisee acknowledges and agrees that it has no right to opt-out of the National Accounts Program and must participate in, and comply with all rules, requirements, and policies established by Franchisor for participation in, the Program, as may be reasonably modified by Franchisor from time to time. Franchisee is expressly prohibited from directly or indirectly soliciting, negotiating, contracting with, or performing services for any National Account, except through Franchisor's National Accounts Program. If Franchisee is approached by a National Account, Franchisee must immediately refer such National Account to Franchisor. If Franchisee accepts project referred by Franchisor or its Affiliates for a National Account, Franchisee shall abide by all applicable policies, procedures, and guidelines with respect to the National Account, including the pricing of projects and any fees related thereto, as provided by the Franchisor. For all National Accounts Program projects, Franchisor shall be solely responsible for billing and collecting all amounts owed by National Account customers. Franchisor shall deduct a program fee equal to five percent (5%) of all gross revenue received from National Account customers (excluding: (i) revenue from construction services, (ii) jobs with Gross Revenue under \$500, and (iii) service calls only that are under \$500) and remit the remaining balance to Franchisee. The 5% program fee shall not be subject to royalty fees under this Agreement. Franchisor shall remit payment to Franchisee promptly following receipt of funds from the National Account, subject to Franchisee's compliance with the policies and procedures with respect to the applicable National Account, but not later than twelve (12) months after the invoice for such services was submitted to the payor.

Franchisee shall pay an Audit Fee of \$50 per instance (subject to the Annual Adjustment) when a National Account client requires that Franchisee's job file be audited. Franchisee agrees that multiple audits may be required due to Franchisee's job file deficiencies and may result in additional Audit Fees. Franchisee shall also pay additional fees to Franchisor for the utilization of third-party job file technology when creating and/or reviewing estimates in third-party software, at the then-current rates established by Franchisor or the third-party provider. Franchisee is strictly prohibited from contacting any National Account client regarding payment or collections matters, or instituting any collections actions against National Account clients, as Franchisor is solely responsible for all billing and collections activities related to National Accounts. National Programs that are also Optional Programs with additional requirements, terms, conditions, training and fees, under Section 3.6 below, must be opted in by Franchisee executing an Addendum indicating the desire to participate in such Program. If Franchisee owes any amounts to Franchisor or its Affiliates under this Agreement or any other agreement between the parties, Franchisor may, at its option and upon written notice to Franchisee, withhold from any amounts received from a National Account for services performed by Franchisee and apply such withheld amounts toward Franchisee's outstanding obligations. Franchisor shall provide Franchisee with a written accounting of any amounts so withheld and applied. Any remaining balance after such offset shall be remitted to Franchisee in accordance with this Section 3.5.

3.6 Optional Programs. Franchisor and/or Affiliates of Franchisor may from time to time establish and offer to Franchisee additional customer lead source programs that require specific account management services by Franchisor and/or its Affiliates including for carriers, TPAs, (as defined below) homeowners and commercial clients related to a 911 Restoration Business. **"Optional Programs"** are defined as directly managed programs by Franchisor (such as programs managed by Third Party Administrators ("**TPA**") that charged fees to franchisees) or changes in current programs requiring additional managed services by Franchisor to service or maintain the account, such as program support in providing compliance, customer service, or a dedicated team required at Franchisor and/or through a third party or onsite with a carrier. Franchisee may elect to participate in such Optional Programs subject to the requirements, terms, and conditions established from time to time by Franchisor for such Optional Programs, which may include additional training requirements and additional fees. Franchisees electing to opt into an Optional Program offered by Franchisor shall agree to the terms and conditions of such Optional Program by executing a written Addendum to the Franchise Agreement. Optional Program fees, including, but not limited to, fees for quality assurance review, constitute separate administrative fees (and not royalties) that are payable to Franchisor specifically to cover Franchisor's direct costs, overhead, and administrative expenses in managing, supporting, and maintaining each applicable Optional Program. Such fees are independent of and in addition to any royalties payable under this Agreement. Franchisor reserves the right to change the fee charged on any Optional Program from time to time after providing Franchisee with written notice of any Optional Program fee change. All Optional Programs are developed and offered at the sole discretion of Franchisor, and may be terminated by Franchisor at any time upon written notice to Franchisee. Any fees owed by Franchisee for participation in any Optional Program that are past due may result in Franchisor terminating Franchisee's participation in the Optional Program until payment of all fees is made. The Franchisee acknowledges and agrees that electing to participate in the Optional Programs may subject them to additional terms and conditions, including, use of specialized software and equipment, special processes, or obligations to defend, indemnify and hold harmless various parties or third parties such as insurance carriers, administrators, homeowners and

commercial partners against any liabilities, claims, damages, expenses and losses that may arise. Franchisee acknowledges that Franchisor does not provide any legal advice. By electing to participate, the Franchisee affirms they have evaluated and accept the terms and conditions, including the associated risks, based on their own comprehensive understanding or after consulting with legal counsel. Franchisee further understands and acknowledges that Franchisor shall have the right to immediately suspend Franchisee's participation in the Optional Programs and/or assign or reassign projects to other franchisees, even if such projects are within the Territory, in any of the following circumstances: (i) if Franchisee fails to meet any requirements in this Section, until such time as Franchisee has made all corrections requested by Franchisor to Franchisor's satisfaction; (ii) if Franchisee declines any Optional Program job; or (iii) if Franchisee has declined three (3) or more Optional Program jobs within any consecutive two (2) month period.

ARTICLE 4

TERM AND RENEWAL

4.1 **Initial Term.** The term of this Agreement shall be ten (10) years commencing on the date of this Agreement, unless sooner terminated in accordance with the provisions of this Agreement (the "**Initial Term**").

4.2 **Renewal Term.** If Franchisee has complied with the conditions for renewal set forth in Section 4.3 below, Franchisee shall have the right, but not the obligation, to enter into one (1) successive renewal Franchise Agreement for ten (10) years (the "**Renewal Term**"). If Franchisee wishes to renew the Franchise Agreement after Franchisee's first Renewal Term, any such additional renewals shall be subject the renewal Franchise Agreement signed by Franchisee and Franchisor in connection with the Renewal Term, as such renewal Franchise Agreement has been modified pursuant to the terms of this Agreement.

4.3 **Grant of the Renewal Term.** Franchisee's right to enter into the Renewal Term is contingent upon Franchisee's fulfillment of all the following conditions:

4.3.1 Upon Franchisee's exercise of such right and at the commencement of any Renewal Term, Franchisee shall have fully performed all of its obligations under this Agreement to Franchisor's satisfaction, including, having satisfied all monetary obligations to Franchisor, its Affiliates, subsidiaries, agents, and authorized designees, if any, and having met such obligations in a timely and responsible manner throughout the Initial Term without chronic non-performance as demonstrated by due notice having been provided to Franchisee by Franchisor.

4.3.2 Franchisee, at the commencement of a Renewal Term, shall satisfy: (i) Franchisor's then-current standards applicable to the System; (ii) the requirements of the then-current Franchise Agreement and all other agreements ancillary thereto; (iii) Franchisor's then-current training certification requirements, including the required Institute of Inspection, Cleaning and Restoration Certification ("**IICRC**") certification and Franchisee's demonstrable ability to perform all services which are part of the System at the time of renewal (unless waived by Franchisor); (iv) the standards set forth in the Manual; and (v) Franchisor's requests for disclosure of, or access to information requested by Franchisor to evaluate Franchisee's ability to perform.

4.3.3 Franchisee shall not be in default of any provision of this Agreement or any other agreement with Franchisor, its Affiliates, subsidiaries, agents, and authorized designees if any.

4.3.4 Franchisee shall have executed a general release, in form and substance satisfactory to Franchisor and/or its counsel, of any and all present and future claims against Franchisor and its Affiliates, subsidiaries, and designees, if any, and their respective officers, directors, shareholders, agents, contractors, and employees, in their corporate and individual capacities, arising out of or related to the Agreement.

4.3.5 Franchisee shall pay to Franchisor a \$2,500 renewal fee. If Franchisee is renewing multiple franchises within the same calendar year then renewal fees will be due for each franchise renewed up to a total of \$7,500.

4.3.6 When Franchisee provides Franchisor with notice that Franchisee would like to renew this Agreement, Franchisor will re-evaluate the Territory to determine whether there have been any changes in demographics that, in Franchisor's judgment warrant modifying the Territory. Such demographic changes include changes in population. Franchisor's intent in doing such re-evaluation of the Territory is to make the target demographics of the territory upon renewal similar to the target demographics of the Territory as of the Effective Date. Franchisee understands and acknowledges that although Franchisor will seek to specify a renewal territory having material demographics that are similar in the respects Franchisor deems relevant to those of the Territory to ensure that the demographics included in Franchisee's renewal territory are similar to the Territory, (a) Franchisee's total territory size upon renewal may be smaller or larger than the Territory; (b) Franchisor cannot guaranty that Franchisee's renewal territory will provide Franchisee with the same or similar results as with the Territory; and (c) Franchisor makes no guaranty that the demographics included in Franchisee's renewal territory will facilitate for Franchisee any particular level of success.

4.4 Execution of Renewal Franchise Agreement. If Franchisee wishes to exercise its right to enter into a renewal Franchise Agreement, it shall do so by executing Franchisor's then-current form of Franchise Agreement ("**then-current Franchise Agreement**" or "**renewal Franchise Agreement**"), which agreement shall supersede this Agreement.

4.4.1 Franchisee shall execute Franchisor's then-current Franchise Agreement on the form then being used by Franchisor. The terms of any renewal Franchise Agreement may be materially different from the terms of this Agreement. Such differences may include, without limitation, the amount of the continuing royalty imposed upon Franchisee for any such Renewal Term, which may be higher than required in this Agreement, but will otherwise conform to the conditions of Section 4.3.

4.4.2 Franchisee must exercise its right to renew for a Renewal Term in the following manner: (i) not less than one hundred eighty (180) days, but no more than two hundred forty (240) days prior to the expiration of the Initial Term, Franchisee will, by written notice, inform Franchisor of its intention to exercise its renewal right; (ii) within thirty (30) days after receipt of Franchisee's request, if Franchisee has complied with all conditions precedent to renewal set forth above, Franchisor will deliver to Franchisee a copy of its then-current Franchise

Disclosure Document (including its then-current Franchise Agreement), and promptly upon the receipt of same Franchisee will, in writing, acknowledge the receipt thereof; (iii) no sooner than fourteen (14) days but no more than twenty (20) days after Franchisee receives Franchisor's then-current Franchise Disclosure Document (including Franchisor's then-current Franchise Agreement modified in accordance with Section 4.3), Franchisee will, by written notice, notify Franchisor as to whether or not it elects to execute Franchisor's then-current form of Franchise Agreement; (iv) promptly upon receipt of Franchisee's notice of its election to execute Franchisor's then-current Franchise Agreement, Franchisor will deliver to Franchisee two (2) copies of the then-current Franchise Agreement. Promptly upon receipt thereof, Franchisee will execute two (2) copies of the then-current Franchise Agreement and return them to Franchisor; (v) if Franchisee fails to perform any of the acts or fail to deliver any of the notices required by this Section 4.4.2 in a timely fashion, such failure shall be deemed an election by Franchisee not to renew, and such failure causes Franchisee's renewal right to expire without further notice or action by Franchisor; and (vi) if Franchisee exercises its renewal right in the form and manner described in this Section 4.4 and if on the expiration date of the Initial Term Franchisee has complied with all of the conditions set forth in Section 4.3, Franchisor will execute the renewal Franchise Agreement previously executed by Franchisee and will promptly deliver one (1) fully executed copy of the renewal Franchise Agreement to Franchisee.

4.5 Temporary Extension. If Franchisee fails to execute the renewal Franchise Agreement and General Release and complete the renewal process by the expiration of the then-current term and continues operating the Franchised Business, then, unless Franchisor has provided Franchisee with written notice of non-renewal, the term shall continue on a month-to-month basis provided, however, that Franchisor shall have the right at any time, subject to applicable state law, to terminate this Agreement upon issuance of a written notice of termination (the "**Termination Notice**") to Franchisee, which termination shall be effective immediately upon Franchisee's receipt of, or refusal to accept, such Termination Notice (or on the termination date specified in the Termination Notice, if different). If Franchisee fails to fully and completely execute the renewal Franchise Agreement and General Release and complete the renewal process within sixty (60) days of the commencement of the temporary extension, then, effective immediately thereafter, the monthly Royalties payable under this Agreement shall increase by an amount equal to two and one-half percent (2.5%) of Gross Revenue during each week ("**Holdover Royalty**") that Franchisee fails to complete the renewal process until (i) the renewal process is completed (including execution of the renewal Franchise Agreement and General Release and payment of the renewal fee) or (ii) this Agreement is terminated. By accepting any increased Royalties, Franchisor does not waive any of its rights and remedies under this Agreement including, without limitation, the right to terminate this Agreement pursuant to its terms and all such rights and remedies shall be cumulative of every other right or remedy.

4.6 Refusal to Renew Franchise Agreement. Franchisor may withhold its consent to renew Franchisee's franchise (i) if Franchisee's lease, sublease or other document by which Franchisee has the right to occupy the premises is not extended before Franchisee's renewal term is to take effect to cover the period of the renewal; or (ii) if Franchisee does not have a written commitment from Franchisee's landlord to renew the lease or sublease for a period at least equal to the renewal term. Franchisor may also refuse to renew Franchisee's franchise under other circumstances, including, but not limited to, Franchisee's failure to substantially comply with the terms of this Agreement, Franchisee's failure to pay amounts owed to Franchisor when due, as

well as Franchisee's failure to cure certain defaults during the Initial Term of this Agreement within the period prescribed by this Agreement.

4.7 Renewal Under Law. Even though Franchisor may decline the renewal of Franchisee's franchise, it is possible that Franchisor can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, Franchisee's Renewal Term will be subject to the conditions of the Franchise Agreement Franchisor is using for new franchisees at the time the renewal period begins. If Franchisor is not then offering new franchises, Franchisee's renewal period will be subject to the terms in the Franchise Agreement that Franchisor indicates. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

4.8 Franchisee's Election Not to Renew. For the purposes hereof, Franchisee shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if Franchisee fails to execute and return Franchisor's then-current Franchise Agreement and other ancillary documents required for a renewal franchise within thirty (30) days after Franchisee receives the agreements.

ARTICLE 5

DUTIES OF FRANCHISOR

5.1 Confidential Operations Manual. Franchisor will, in conjunction with Franchisor's training program and in conformity with the terms and conditions of this Agreement, make the brand manuals for the operation of 911 Restoration Businesses available to Franchisee (the "**Manuals**"), which may include one or more separate manuals, newsletters, memos, or bulletins, as well as any audio or video content, and/or other content. Franchisor may make the Manuals available through or distributed by physical, electronic or digital means, as determined by Franchisor. The Manuals contain mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for operating 911 Restoration Businesses, other specifications, standards, and policies we may suggest from time to time, and information on your obligations under this Agreement. Franchisor may modify the Manuals periodically. Franchisee agrees that the Manuals and any passwords or other access credentials necessary to access the Manuals will be deemed to be part of Confidential Information (as defined below). Franchisor has no obligation to provide Franchisee with a printed copy of the Manuals. Use of any part or all of the Manual shall be only as permitted under this Agreement, and during its term. Franchisee acknowledges and agrees that the Manual is provided to Franchisee on loan only for the duration of this Agreement, and that Franchisor is the exclusive owner of the Manual and the contents therein. At Franchisor's option, Franchisor may post the Manual and other communications on a restricted intranet or other website to which Franchisee will have access. If Franchisor does so, Franchisee must periodically monitor the site for any updates to the Manual or other standards, specifications and procedures. Any passwords or other digital identifications necessary to access the Manual on such a site shall be deemed Confidential Information. Further, Franchisee agrees that Franchisee will establish the channels of communication with Franchisor and Franchisee's customers as Franchisor may require from time to time, including e-mail, text message, internet and other electronic forms of communication, and Franchisee agrees to acquire, maintain and regularly update any computer, tablet, cell phone device or other components necessary for the efficient and

secure transmission of such communications. In addition to any other training offered to Franchisee, Franchisor may from time to time furnish to Franchisee other documents and things comprising the Copyrights or Know How, including instructions, data, materials, forms or other information relating to the System. Franchisor has the right to reasonably incorporate such matters in the Manual and Franchisee must conduct the operations of the Franchised Business in accordance therewith.

5.2 Franchisor Websites. As used in this Agreement, the term “Franchisor Website” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Franchisor Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Franchisor Website, Franchisee agrees that Franchisor and/or Franchisor’s Affiliate may establish one or more websites to advertise, market and promote 911 Restoration Businesses, the Products and Services, and/or the 911 Restoration franchise opportunity. Franchisor may designate a web page within the website for each Franchised Business. Franchisor may implement and periodically modify standards for any such website and individual web pages. Franchisee may not establish a website for the Franchised Business or related to the Proprietary Marks and the System, other than the web page designated to describe the Franchised Business which is identified on Franchisor’s website. Franchisee may not promote the Franchised Business or use any of the Proprietary Marks in any manner on any social media or networking websites or platforms, including, Facebook, LinkedIn, X, Instagram, TikTok, YouTube, local business listings (such as Google My Business, Yelp, Bing Places, and similar platforms), or any other current or future social media or online business directory platforms, without Franchisor’s prior express written consent. Franchisor has exclusive ownership and complete control over all social media initiatives, online business listings, and directory management, including but not limited to the creation, maintenance, and content of all business listings, review site profiles, and online directory entries. All social media accounts, business listings, directory profiles, and any other online presence related to the Franchised Business or using the Proprietary Marks are and shall remain the sole and exclusive property of the Franchisor. If Franchisee is permitted to use “social media,” Franchisee must follow Franchisor’s System standards regarding the use of “social media” in the operation of the Franchised Business, including prohibitions on Franchisee’s and the employees of the Franchised Business posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by Franchisor (“**social media**” includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like X, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). Franchisor will provide access to branded social media pages/handles/assets, and Franchisee must update these regularly. Franchisor may conduct collective/national campaigns via local social media on Franchisee’s behalf. Upon Franchisor’s request, Franchisee must immediately either (i) transfer ownership and control of any unauthorized digital assets to Franchisor, including all login credentials, administrator access, and associated email accounts, or (ii) permanently delete and remove such unauthorized digital assets, at Franchisor’s sole discretion.

5.3 Initial Training Program and Additional Assistance. Franchisor will offer mandatory training to Franchisee (the “**Initial Training Program**”) following the date of this Agreement of such duration as Franchisor deems necessary. Franchisee and all required attendees must attend the next available Initial Training Program following the Effective Date and each such

required attendees must have successfully completed, to Franchisor's satisfaction, all required prerequisites prior to attending the Initial Training Program. The Initial Training Program will be held virtually and at Franchisor's headquarters or at such other location(s) as Franchisor designates. The Initial Training Program shall not be provided if (i) Franchisee, any Affiliate of Franchisee, or an owner of either Franchisee or any Affiliate of Franchisee owns or operates a 911 Restoration Business as of the Effective Date; or (ii) this Agreement is executed as a renewal Franchise Agreement. The Initial Training Program will include training regarding operational, management and marketing training pertaining to the 911 Restoration System for Franchisee. If Franchisee is a corporation, limited liability company or a partnership, its duty to complete the Initial Training Program will be discharged by the completion of the Initial Training Program by at least one (1) equity holder owning at least fifty percent (50%) of the interests of the entity and the general manager (or employee with similar responsibility) of Franchisee. Training may involve accompanying, observing, assisting, and participating in delivery of service to customers. This activity constitutes observational, experiential and performance training and regardless of whether there may be benefit to customers or others, does not constitute service performed for Franchisor or for another franchisee and does not entitle Franchisee to compensation. Franchisor may, in its sole and absolute discretion, modify, update, or change the subject matter, content, duration, and delivery method of its Initial Training Program at any time without prior notice. Such changes may include, but are not limited to, accommodating the needs and/or experience of any individual trainee, responding to market conditions, or incorporating new system standards or procedures. Franchisor reserves the right to elect or decline to train any number of individuals representing any number of franchises individually, or at the same time. Each trainee must sign a Confidentiality and Non-Competition Agreement in advance of receiving any such training.

5.4 Additional Assistance. Franchisor will provide such additional advisory assistance and training as Franchisor deems advisable in the operation of the System, on such terms and conditions as Franchisor determines and sets forth in the Manual or otherwise. Franchisor may, in its sole and exclusive discretion, cause its representatives to telephone or visit Franchisee's Business from time to time for the purpose of rendering advice and consultation with respect to the operation of the Franchised Business, assessing Franchisee's overall performance and determining whether Franchisee is conducting the Franchised Business in compliance with the standards of the System. Franchisee agrees to comply with all such requests and visitations, and provide all information requested upon reasonable notice. If Franchisor generates an inspection report as a result of any such telephone call or visit, then Franchisor shall supply a copy of the inspection report to Franchisee, upon reasonable written request by Franchisee.

5.4.1 After the Franchised Business has been open and operating for at least three (3) months, Franchisor may, in its sole discretion, send a representative to the Franchised Business to provide advice and assistance to Franchisee. Such post-opening assistance shall be provided at such times and for such duration as Franchisor deems appropriate.

5.4.2 Franchisor may, at Franchisee's reasonable request, enroll additional personnel in Franchisor's Initial Training Program either before or after the opening date of the Franchised Business, provided that Franchisee pays Franchisor its then-current training fee (as set forth in the Manual), as well as the expenses incurred by its designated personnel trainees, including travel, lodging, meals and wages. Such requests will be honored in accordance with the availability of Franchisor's training staff.

5.4.3 If Franchisor deems it necessary, Franchisor may require Franchisee to undergo additional training and pay Franchisor's then-current training fee. Franchisee's failure or refusal to participate in such additional training shall be a material breach of this Agreement.

5.4.4 In the event of a valid and complete sale or assignment of the Franchised Business by Franchisee to a third party (as provided for hereafter), Franchisor will train such third party in the same manner and under the same circumstances described in this Section 5.4. The third party must pay Franchisor's then-current training fee for each individual trained (in addition to any fees or other requirements attendant to the assignment), as well as the trainees' expenses, including travel, lodging, meals and wages.

5.4.5 In the event Franchisee hires any personnel to perform emergency response work, pursuant to the requirements of this Agreement and the specifications set forth in the Manual, such personnel are required to attend and successfully complete, at Franchisee's cost and expense, Franchisor's online Initial Training Program before performing such services.

5.5 Refresher Training. Each year at Franchisee's cost and expense, Franchisee is required to attend Franchisor's Annual Refresher Training program at a location determined by Franchisor. Attendance at this program is mandatory, and Franchisee's failure to attend, unless excused in writing by Franchisor as provided herein, constitutes a material default under Article 17. Upon written application by Franchisee, Franchisor will waive or temporarily defer required attendance, whichever Franchisor elects, upon a showing of an emergency situation or event. If Franchisee desires to have its supervisory or managerial personnel attend the Annual program, Franchisee must obtain prior written approval from Franchisor, and each attendee must sign a Confidentiality and Non-Compete Agreement substantially in the form attached hereto as **Exhibit B** in advance of attendance.

5.6 Purchases of Materials and Approved Suppliers. In order to maintain uniformity of concept, color and quality, Franchisee must purchase all proprietary materials and forms exclusively from Franchisor or its Affiliates in accordance with the terms and procedures set forth in the Manual. Franchisor reserves the right to earn a profit on the sale of such items. The use or sale of unapproved products or services constitutes a material and incurable breach of this Agreement unless such use or sale occurs as a consequence of an extreme situation and does not constitute a normal business activity.

5.6.1 Certain materials (letterhead, business cards, labels, log and job invoices, etc., but excluding other proprietary forms, logoed items and apparel or promotional materials) bearing the Proprietary Marks may be procured from a source other than Franchisor, provided Franchisee first seeks and obtains prior written approval of Franchisor, which approval will not be unreasonably withheld. Franchisee is not required to purchase any non-proprietary materials from Franchisor. However, Franchisee must purchase any proprietary materials specified for use in the System exclusively from Franchisor or its Affiliates. For any non-proprietary materials Franchisee purchases from a third party vendor Franchisee agrees to strictly comply with Franchisor's reasonable quality control requirements and the usage permitted under this Agreement, and approval of such shall not be unreasonably withheld.

5.6.2 Franchisor will, at all times during the term of this Agreement, provide information pertaining to sources of supply of those proprietary and non-proprietary products and services which may be used in this System, upon reasonable written request. If Franchisee finds a distributor or source of certain products that meet System standards, Franchisee will inform Franchisor of the source, and subject to review of the products, Franchisor will allow Franchisee to purchase from that distributor, and such approval shall not be unreasonably withheld. Franchisee may designate the method of remittance subject to the approval of Franchisor, which approval shall not be unreasonably withheld.

5.7 National Advertising Fund. Franchisor will administer the National Advertising Fund, as described in Article 10.

5.8 Pricing. Subject to applicable law, Franchisor may advise Franchisee in writing, from time to time, concerning the maximum prices which Franchisee should charge its customers for services provided or goods sold. Any such advice, if given at all, will be binding on Franchisee, subject to applicable law, since the purpose of providing such advice is to enhance inter-brand competition and would provide certain economic benefits to Franchisee's clients. Nothing contained herein shall be deemed a representation by Franchisor that if Franchisee follows such advice it will, in fact, generate or optimize profits. Subject to applicable law, Franchisee is obligated to inform Franchisor of all prices charged for services and products sold by Franchisee and to inform Franchisor of any modifications of Franchisee's prices.

5.9 Force Majeure. Delays in the performance by either party of any obligations that are not the fault of nor within the reasonable control of the delayed or non-performing party, including fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders, do not give rise to a default by the other party provided, however, that "**force majeure**" shall not include Franchisee's lack of financing and shall not excuse failure or delay of payment of any amount due to Franchisor or its Affiliates. Rather, the other party will be required to extend the time of performance of any such obligations for the period of such delay or for such other reasonable period of time as may be appropriate in the circumstances.

5.10 Artificial Intelligence. Franchisor reserves the exclusive right to establish, modify, and enforce all rules governing the use, integration, procurement, and oversight of Artificial Intelligence in connection with development and operation of 911 Restoration Businesses generally or the Franchised Business. Franchisee must comply with Franchisor's standards and requirements concerning the acquisition and use of Artificial Intelligence in connection development and operation of 911 Restoration Businesses generally or the Franchised Business. Upon notice from Franchisor, Franchisee shall promptly implement any required changes, discontinue any prohibited uses, and provide all information reasonably requested to verify compliance with the foregoing. Any permitted uses of Artificial Intelligence shall be in accordance with the terms and conditions of this Agreement and such other requirements prescribed by Franchisor, including with respect to the limitations on the use and disclosure of Confidential Information.

5.11 Dispatch Center Programs.

5.11.1 Mandatory Participation. Franchisee is required to participate in the call / communication dispatch center program(s) (the “**Dispatch Center Programs**”) designated from time to time by Franchisor. The Dispatch Center Programs will dispatch calls (or other authorized communications) to Franchisee from central location(s) and distribute jobs to the 911 Restoration Business nearest the service location. Franchisee’s participation in the Dispatch Center Programs is mandatory unless (i) Franchisor removes Franchisee from the Dispatch Center Programs due to Franchisee’s non-compliance with this Agreement or the requirements of the Dispatch Center Programs requirements; or (ii) Franchisor terminates the Dispatch Center Programs upon not less than 60 days’ prior written notice. Franchisor may reinstate terminated Dispatch Center Programs upon reasonable prior notice. Franchisee acknowledges that Franchisor or the Dispatch Center Programs may dispatch calls (or other authorized communications) to other franchisees if Franchisee is in default of this Agreement, suspended from the Dispatch Center Programs or refuses to timely accept a dispatched call or other communication.

5.11.2 Dispatch Center Programs Fees. Franchisee shall pay a monthly “**Dispatch Center Fee**” equal to One Hundred Ninety-Five Dollars (\$195.00) if this is Franchisee’s only 911 Restoration Business, or Ninety-Five Dollars (\$95.00) if this is Franchisee’s second or subsequent 911 Restoration Business. Each such amount shall be subject to the Annual Adjustment.

5.11.3 Program Operations. Franchisor shall have no liability whatsoever for any leads, project, or jobs that are lost, misdirected, or transferred to another Franchisee, whether arising from mistake, negligence, error, system failure, or any other cause or circumstance. Franchisee understands that the terms and services of the Dispatch Center Programs will be stated in the Manual and are subject to change during the Initial Term at Franchisor’s discretion. If Franchisor receives a service job in Franchisee’s territory and Franchisee (a) chooses not to provide service; or (b) is unable to service the call in a timely manner, then Franchisor reserves the right to offer the service job to another party and Franchisee will not receive the revenue share that Franchisee would otherwise be entitled to under Section 3.6.

5.12 Annual Conference. Franchisor shall, at its discretion, hold an annual conference at a location to be selected by Franchisor (the “**Annual Conference**”). Franchisor will determine the topics and agenda for such conference to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor’s personnel regarding 911 Restoration System operations and programs, and recognizing franchisees for their achievements. Franchisor requires Franchisee or at least one (1) supervisory or managerial representative of Franchisee to attend the Annual Conference, for a duration designated by Franchisor, and to pay Franchisor’s applicable Conference Registration Fee per registrant. Franchisor may waive or reduce the applicable Conference Registration Fee upon a showing of good cause, as determined by Franchisor. All registration fees due shall be payable at least 90-days prior to the Annual Conference via ACH from the account Franchisor debits other fees. All expenses, including Franchisee’s and Franchisee’s employees’ transportation to and from the Annual Conference, lodging, meals, and salaries during the Annual Conference, are Franchisee’s sole responsibility. Franchisor may use funds contributed to the National Advertising Fund for purposes related to the Annual Conference, including costs related to production, programs, and materials. If Franchisee fails to attend an

Annual Conference without Franchisor's prior written consent, Franchisee must pay Franchisor a fee of \$1,000, subject to the Annual Adjustment (as defined below).

ARTICLE 6

CONFIDENTIAL OPERATIONS MANUAL

6.1 Operation of Franchised Business in Accordance with Manual. In order to protect the reputation and goodwill of Franchisor, the System, and the Proprietary Properties, and to maintain requisite operating standards under the Proprietary Marks, Franchisee agrees to conduct the Franchised Business in accordance with the provisions, standards, and procedures set forth in this Agreement and the Manual.

6.2 Confidentiality. Franchisee will at all times treat the Manual, and any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein as confidential Know How, and shall use its best efforts to maintain such information as secret and confidential in accordance with the terms and conditions governing Know How and Copyrights. To protect the System, the Proprietary Marks, the Copyrights, the Proprietary Properties, Know How and the goodwill associated with the same, Without Franchisor's prior written consent, Franchisee may not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. Franchisee's supervisory or managerial personnel who have executed the Employee Non-Competition and Non-Disclosure Agreement, annexed hereto as **Exhibit C**, may receive confidential information.

6.3 The Manual Remains Franchisor's Property. The parties acknowledge and agree that Franchisor is the exclusive owner of the Manual and that the Manual is perpetually Franchisor's sole property. Franchisee must return the Manual to Franchisor immediately upon the expiration or termination of this Agreement.

6.4 Revisions to the Manual. Franchisor may, from time to time, revise the contents of the Manual as it deems to be necessary to improve or maintain the standards of the System and Franchisee expressly agrees to comply with each new or changed standard. Franchisor may transmit any revisions to the Manual by e-mail, internet, intranet or other electronic means, and such revisions to the contents of the Manual are deemed effective seven (7) days after the date of transmission of the revisions to Franchisee unless otherwise specified by Franchisor.

6.5 Precedence of Terms. In the event of any conflict between an express term of this Agreement and the Manual, the terms of this Agreement shall control.

6.6 Manual Kept Up to Date. Franchisee will at all times ensure that its copy of the Manual is kept current and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at its headquarters controls.

6.7 Modification of Operational Standards. Franchisor and Franchisee acknowledge there may be circumstances that require Franchisee to modify the implementation of the standards and guidelines set forth in the Manual. Franchisor and Franchisee recognize the Manual is an operational guideline for conducting Franchisee's business operations and, although Franchisee

shall faithfully follow the standards and guidelines set forth in the Manual, Franchisee may request in writing Franchisor's consent to modify the operational standards and guidelines, which Franchisor may grant or deny in its sole discretion. Franchisee shall not make such modification without Franchisor's prior written consent. Franchisee acknowledges and understands, however, that any variance or modification of operational standards Franchisor grants to another franchisee in the System does not entitle Franchisee to a similar variance or modification.

6.8 Grant to Franchisor. To the extent that any improvements, inventions or discoveries are made by Franchisee, or Franchisee's employees or agents, during the course of this Agreement and relating to the Proprietary Properties or System ("**Improvements**"), such improvements are hereby assigned to, and shall be owned by Franchisor. All documents and other information concerning any such improvements will be disclosed to Franchisor promptly after creation or invention. Franchisor will, in its reasonable discretion, determine whether such improvements are worthy of inclusion in the System, and the best and most practical method of implementation and protection. Franchisee will execute all documents reasonably necessary to perfect Franchisor's ownership in and to any such improvements, and will cooperate with Franchisor in the creation, implementation, use and protection thereof.

ARTICLE 7

PROPRIETARY MARKS, TRADE NAMES AND COPYRIGHTED MATERIALS

7.1 No License to the Proprietary Properties. The license granted in Section 2.1**Error! Reference source not found.** does not grant Franchisee any right, title or interest, at law or in equity, in or to any of the Proprietary Properties, including the Proprietary Marks, Copyrights, and Know How, beyond the license. Further, the license applies only to those portions of the Proprietary Properties which have been, or may be, designated in writing by Franchisor for use by Franchisee in conjunction with the operation of the Franchised Business. Franchisee will not represent to others, or conduct itself in any manner that might indicate to others, that it possesses any other legal or equitable rights in or to the Proprietary Properties by virtue of the license granted hereunder. The execution of this Agreement by Franchisee further establishes Franchisee's consent that the Proprietary Marks, Copyrights and Know How are valid and enforceable (without defense or recourse), and owned by Franchisor or its Affiliates. Franchisee represents, warrants, and covenants that it will not attack the validity, enforceability or ownership of any of the Proprietary Properties, or assist another in any such attack, during the course of this Agreement or thereafter. The terms of this Section shall survive termination or expiration of this Agreement for any reason, in addition to any of the other remedies or survival provisions otherwise contained in this Agreement.

7.2 No Act in Derogation. Franchisee shall not do or permit any act in derogation of any of the rights of Franchisor to its Proprietary Properties.

7.3 No Contest or Dispute. Franchisee shall not contest or dispute Franchisor's title to any part or all of the Proprietary Properties during the Term of this Agreement and in perpetuity after the Term ends.

7.4 Use of Proprietary Properties. Franchisee must use the Proprietary Properties solely in accordance with this Agreement and the Manual.

7.5 Restriction on Use of Proprietary Properties. Franchisee shall not use the Proprietary Properties, or any words, phrases, symbols, trade dress, colors, logos or materials which Franchisor deems confusingly similar thereto, in its trade name (or for any other purpose) without Franchisor's prior written approval. In that connection, Franchisee will identify itself to the public as an independent contractor using such language as Franchisor shall specify.

7.6 Telephone Numbers and Ownership Rights Franchisee acknowledges and agrees that all telephone numbers, fax numbers, and directory listings used in, or to be used in, the operation of the Franchised Business are the sole and exclusive property of Franchisor. Before the Commencement of the Business (as defined below), Franchisee must purchase a telephone number and directory listing for the Franchised Business and provide Franchisor with all PINs, passwords, and other access credentials necessary to access and control such telephone numbers and listings. Upon execution of this Agreement, Franchisee shall immediately take all actions necessary to transfer ownership of all such numbers and listings to Franchisor, if not already in Franchisor's name. Upon the expiration or termination of this Agreement for any reason, Franchisor shall have the option, exercisable by written notice within thirty (30) days after such expiration or termination, to take an assignment of all telephone numbers (and associated listings) for the Franchised Business if such numbers have not been transferred to Franchisor. Whether or not Franchisor exercises such option, Franchisee shall upon termination or expiration of this Agreement: (a) immediately cease using all telephone numbers and fax numbers associated with the Franchised Business; (b) immediately notify all telephone companies and directory publishers to transfer all such numbers and listings to Franchisor or its designee; (c) authorize the transfer of all such numbers and listings to Franchisor; and (d) not advertise in any telephone directory under the name "911 Restoration" or any other name, phrase, or logo used by the System. Franchisee shall also discontinue use of any and all Proprietary Properties, and shall not use any words, phrases, logos, designs, colors, trade dress, or the like that may in any manner cause customer confusion, or resemble, be confusingly similar to, or be a colorable imitation of the Proprietary Properties. Franchisee shall not be entitled to any compensation from Franchisor in connection with the transfer or assignment of any telephone numbers, fax numbers, or directory listings. If Franchisee fails to promptly comply with any requirement in this Section 7.6, Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact to take any and all actions necessary to effect such requirements, including but not limited to executing transfer documents with telephone companies and directory publishers. This Section 7.6 shall apply to all telephone numbers and fax numbers used in association with the Franchised Business, regardless of when such numbers were obtained or previously owned.

7.7 Notification of Claim. If Franchisee receives notice of or learns of any actual or potential claim, suit or demand that has been or may be asserted against it or Franchisor involving any alleged infringement, unfair competition, or similar matter relating to the use of the Proprietary Properties, Franchisee must immediately notify Franchisor of any such actual or potential claim, suit or demand (a "**Claim**") and provide complete disclosure of all information concerning or relating to such Claim, including, if requested, affidavit or other sworn testimony as Franchisor shall reasonably request to evaluate the Claim. Thereupon, Franchisor will promptly take such action as it may deem necessary in its sole discretion to address the Claim. Franchisor shall have complete discretion to decide whether to defend, compromise or settle the Claim, using attorneys of its own choosing and Franchisee agrees to cooperate fully with Franchisor in connection with the defense of any Claim. Franchisor shall protect, defend and indemnify Franchisee in connection

with the Claim unless it arises out of or relates to Franchisee's use of the Proprietary Properties in violation of this Agreement, the Manual, the Initial Training Program or otherwise.

7.8 Notification of Unauthorized Use. If Franchisee learns of any unauthorized use of the Proprietary Properties, Franchisee must immediately notify Franchisor of the facts relating to such alleged infringing use. Franchisor will, in its sole discretion, determine whether or not to take any action with respect to such information. Franchisee may not take any action with respect to any unauthorized use of the Proprietary Properties without the prior express written consent of Franchisor. Franchisor will exercise its discretion based upon, among other things, a cost/benefit analysis of the specific situation as well as the status of any cost sharing agreements that exist or may be arranged with franchisees to support the subject litigation. Franchisor has absolutely no obligation to take any action with respect to any unauthorized use of the Proprietary Properties when such action does not, at Franchisor's sole discretion, satisfy Franchisor's cost/benefit requirements. Franchisee acknowledges and agrees that representation of Franchisee (or any other franchisee, including its principals) in any Claim by Franchisor's legal counsel is not substantially related to any issue that may arise between Franchisee and Franchisor under this Agreement, and that any conflict of interest, actual or implied, as a result of the representation of Franchisee in any such by Franchisor's designated legal counsel is hereby waived. Franchisee expressly agrees that it will take no action whatsoever to attempt to create any such conflict of interest, nor shall Franchisee seek the disqualification of Franchisor's legal counsel as a consequence of the representation of Franchisee in any such Claim. Violation of this provision governing the status of Franchisor's designated legal counsel shall constitute a default under Section 16.2.

7.9 No Ownership; Modification of Proprietary Properties. Franchisee understands and agrees that the limited license to use the Proprietary Properties granted by this Agreement applies only to such properties as are designated by Franchisor, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that it is bound not to represent in any manner that it has acquired any ownership or equitable rights in any of the Proprietary Properties by virtue of the limited license granted under this Agreement, or by virtue of Franchisee's use or creation of any of the Proprietary Properties, or upon any other basis.

7.9.1 If Franchisor determines at any time that it is advisable to modify or discontinue use of any aspect of the Proprietary Properties and/or to adopt or use one or more additional or substitute items, then Franchisee shall be obligated to comply with such instruction by Franchisor. The sole obligation of Franchisor in such event shall be to reimburse Franchisee for its documented, verified and reasonable expenses of compliance, such as changing signs, stationery, uniforms, advertising, etc. Franchisee waives any other claim arising from or relating to any change, modification or substitution to the Proprietary Properties. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any such addition, modification, substitution or discontinuation except as provided in this Subsection. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses.

7.9.2 Franchisor represents and warrants that it owns the Proprietary Marks free and clear from any liens or encumbrances and subject solely to licenses granted to pre-existing licensees and/or franchisees, and to the best of Franchisor's knowledge the license conveyed by this Agreement does not infringe any valid or enforceable trademark rights owned by any other

party. Franchisor hereby indemnifies Franchisee from any claims, costs, fees, or damages associated with any violation of this provision, provided that Franchisee promptly notifies Franchisor of all facts and circumstances that may give rise to liability under this Subsection, and permits Franchisor to control the defense and settlement of the action.

7.9.3 Neither Franchisor nor Franchisee shall take any steps or actions that would in any manner impair, dilute or devalue the Proprietary Marks, and such action shall constitute a material breach of this Agreement. For the purposes of this Subsection, dilution shall be prima facie demonstrated by a use of the Proprietary Marks in connection with any other word, phrase or logo confusingly similar with, or otherwise not authorized or licensed under this Agreement.

7.10 Change or Modification of Proprietary Marks. If it becomes advisable at any time, in Franchisor's discretion, to modify or discontinue use of any Trademark and/or to adopt or use one or more additional or substitute Proprietary Marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor. The sole obligation of Franchisor in such event shall be to reimburse Franchisee for its costs to modify its signs and stationery. Franchisee waives any other claim, whether in contract, tort, or otherwise, arising from or relating to any Trademark change, modification or substitution. Franchisor will not be responsible to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any Trademark addition, modification, substitution or discontinuation, except as provided herein. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

ARTICLE 8

PAYMENTS TO FRANCHISOR

8.1 Initial Franchise Fee. Franchisee shall pay to Franchisor an Initial Franchise Fee in a lump sum upon execution of this Agreement. The amount of the Initial Franchise Fee is listed in **Exhibit A** to this Agreement.

8.2 Initial Training Fee. At least thirty (30) days before the scheduled Initial Training Program, Franchisee shall pay Franchisor the applicable Initial Training Fee per trainee. The Initial Training Fee is not refundable in whole or in part and is deemed fully earned by Franchisor upon payment by Franchisee. In the event of acquiring multiple franchises under a Multiple Franchise Ownership, there would only be one (1) training fee required per trainee. If Franchisee is an existing Franchisee acquiring an additional territory, Franchisee will not be required to attend or pay for the Initial Training Program with respect to persons that have already successfully completed training.

8.3 Business Launch Fee. Franchisee shall pay Franchisor the Business Launch Fee within thirty (30) days following execution of this Agreement. The Business Launch Fee is not refundable in whole or in part and is deemed fully earned by Franchisor upon payment by Franchisee. In the event of acquiring multiple franchises under a Multiple Franchise Ownership, there would only be one (1) business launch fee required.

8.4 Royalty Fee.

8.4.1 Traditional Franchise: The following minimum royalty requirements apply per approved location, except that for new franchisees acquiring multiple territories, Franchisor may, in its sole discretion, allow a single monthly minimum royalty payment to cover up to three (3) territories, provided all territories are acquired simultaneously at the time of initial franchise purchase. The “Royalty Fees” payable by Franchisee to Franchisor shall be paid in accordance with the following:

(a) During Franchisee’s first 6 months after signing this Agreement: 9% of Franchisee’s Gross Revenue for “**Restoration Services**”; 3% of Franchisee’s Gross Revenue for “**Non-Restoration Services**”.

(b) Beginning in the 7th month after Franchisee signs this Agreement: the greater of 9% of Franchisee’s Gross Revenue for “**Restoration Services**”; 3% of Franchisee’s Gross Revenue for “**Non-Restoration Services**” or (i) \$750 per month during months 7-12; (ii) \$1,500 per month during months 13-24; (iii) \$2,000 per month during months 25-36; (iv) \$2,500 per month during months 37-48; and (v) \$3,500 per month during months 49-60 and thereafter. If this Agreement is signed as a renewal agreement then the minimum monthly royalty shall be the greater of 9% of Franchisee’s Gross Revenue for “**Restoration Services**”; 3% of Franchisee’s Gross Revenue for “**Non-Restoration Services**” or \$3,500 per month.

If Franchisee’s Gross Revenue would result in royalty payments lower than the applicable minimum monthly royalty for any six (6) consecutive months, Franchisor shall have the right, in its sole discretion, to: (i) terminate this Agreement upon thirty (30) days written notice to Franchisee; (ii) modify Franchisee’s Territory to allow other franchisees to operate within Franchisee’s Territory without any compensation to Franchisee; or (iii) require Franchisee to participate in Franchisor’s re-sale assistance program to facilitate the sale of Franchisee’s franchised business.

8.4.2 Micro-Market Franchise: The following minimum royalty requirements apply per approved location, except that for new franchisees acquiring multiple territories, Franchisor may, in its sole discretion, allow a single monthly minimum royalty payment to cover up to three (3) territories, provided all territories are acquired simultaneously at the time of initial franchise purchase. During Franchisee’s first 6-months after signing this Agreement: 9% of Franchisee’s Gross Revenue for “**Restoration Services**”; 3% of Franchisee’s Gross Revenue for “**Non-Restoration Services**”. Beginning in the 7th month after Franchisee signs this Agreement: the greater of 9% of Franchisee’s Gross Revenue for “**Restoration Services**”; 3% of Franchisee’s Gross Revenue for “**Non-Restoration Services**” or (i) \$375 per month during months 7-12; (ii) \$750 per month during months 13-24; (iii) \$1,000 per month during months 25-36; (iv) \$1,250 per month during months 37-48; and (v) \$1,750 per month during months 49-60 and thereafter. If this Agreement is signed as a renewal agreement then the minimum monthly royalty shall be the greater of 9% of Franchisee’s Gross Revenue for “**Restoration Services**”; 3% of Franchisee’s Gross Revenue for “**Non-Restoration Services**” or \$1,750 per month. If Franchisee’s Gross Revenue results in royalty payments lower than the applicable minimum monthly royalty for any six (6) consecutive months, Franchisor shall have the right, in its sole discretion, to: (i) terminate this Agreement upon thirty (30) days written notice to Franchisee; (ii) modify Franchisee’s

Territory to allow other franchisees to operate within Franchisee's Territory without any compensation to Franchisee; or (iii) require Franchisee to participate in Franchisor's re-sale assistance program to facilitate the sale of Franchisee's franchised business.

8.4.3 Conversion Franchise: If Franchisee is an eligible Conversion Franchise and subject to Franchisee's compliance with **Exhibit G** and the applicable sections of **Exhibit I**, Franchisee's Royalty Fee for Mitigation Services will be 4% during months 1-12, after which it will increase to the then-current standard royalty rate. Notwithstanding the reduced royalty rate set forth above, Franchisee's eligibility for the 4% royalty rate shall be strictly conditioned upon Franchisee's employment of a full-time business development manager and full compliance with all terms and conditions of this Agreement and **Exhibit I**. If at any time Franchisee fails to satisfy these conditions, the royalty rate shall automatically increase to the then-current standard royalty rate for all Restoration Services until such time as Franchisee demonstrates to Franchisor's satisfaction that it has cured all such deficiencies.

8.5 Definition of Gross Revenue.

8.5.1 **"Gross Revenue"** means all fees received by Franchisee (including actual deposits in Franchisee's bank accounts as well as undeposited cash receipts) from, through, by or on account of the operation of its Franchised Business, whether received in cash, in services or in kind, less: (i) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers and actually paid by Franchisee to governmental authorities, provided that: (a) each job invoice must show sales tax as a separate line item; (b) Franchisee provides proof of quarterly and/or annual sales tax payments to governmental authorities; and (c) Franchisee maintains and provides upon request complete documentation of all sales tax collections and payments. If Franchisee fails to comply with any of these requirements, no sales tax deduction will be permitted and all charges will be included in Gross Revenue without setoff or reduction; and (ii) the amount of any documented refunds, credits and allowances given in good faith to customers by Franchisee. Franchisee must report all Gross Revenue for each month, as defined in this Section 8.5, without any deductions.

8.5.2 For the avoidance of doubt, Franchisee agrees that all Construction Services performed by Franchisee or any Affiliate of Franchisee relating to the Franchised Business or performed for a customer that was originally a customer of the Franchised Business, shall be considered Gross Revenues and reported as Gross Revenues of the Franchised Business. Franchisee further agrees to maintain accurate and complete records of all such construction activities and to provide Franchisor access to these records upon request. Franchisor and its representatives shall have the right to review, inspect and audit the Franchisee's construction operations and related records to ensure compliance with this provision.

8.6 Monthly Gross Revenue Reports. Franchisee must use, and maintain at its own expense, the Franchisor's then-current system for bookkeeping and accounting purposes (currently, QuickBooks Online). Franchisee shall, at its expense, provide Franchisor on the 10th day of each month each year of the term of this Agreement, a report accurately reporting all revenue and expense activity of Franchisee during the preceding calendar month together with Franchisee's bank statement at the close of the preceding calendar month and for all non-restoration work Franchisee must provide supporting documentation, including without limitation, detailed

Xactimate estimates and service agreements (collectively, the “**Monthly Gross Revenue Report**”). Franchisee further agrees to use and timely submit the Reporting Tool (as defined in Article 1) furnished by Franchisor for all monthly reporting of sales and collections. Each Monthly Gross Revenue Report shall be signed by Franchisee attesting that it is true and correct. Franchisee also shall provide to Franchisor, for review or auditing, such other forms, sales reports, cash register receipts, records, information and data as Franchisor may reasonably designate, on the forms and in the manner as are reasonably designated by Franchisor. Each Monthly Gross Revenue Report shall be transmitted by Franchisee to Franchisor in the manner specified by Franchisor (*i.e.*, by overnight courier, facsimile or via e-mail). If Franchisee fails to file any Monthly Gross Revenue Report required under this Section 8.6 for any month, such failure shall constitute a default under this Franchise Agreement. In addition to any other remedies available to Franchisor, if Franchisee fails to submit a Monthly Gross Revenue Report when due, Franchisor shall have the right to automatically debit Franchisee’s designated bank account for an amount equal to the greater of: (i) the average of Franchisee’s combined royalty fees and National Advertising Fund contributions for the preceding three (3) months, or (ii) the minimum royalty fees required under this Agreement and minimum of National Advertising Fund contributions required under this agreement, whichever is higher. Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of the expenses and damages Franchisor will incur if Franchisee does not provide Franchisor with a Monthly Gross Revenue Report when due and agree that the administrative service charges described in this Section 8.6 are a reasonable, good faith estimate of such expenses and damages.

8.7 Obligation to Pay Fees. Except as otherwise specified herein, Franchisee’s obligations to pay the Royalty Fee, and fees associated with use of the required software, will accrue on the day that Franchisee commences operation of the Franchised Business. “**Commencement of the Business**” is defined as the first day on which the Franchised Business receives revenues, offers services, or conducts any of the activities contemplated by this Agreement.

8.8 Manner of Payment and Computation of Payments.

8.8.1 Timing of Payments. Royalty Fees and payments to the National Advertising Fund are payable on the 15th day of each month. If the 15th day of any month is not a business day, Royalty Fees and payments to the National Advertising Fund must be paid on the next business day immediately following the 15th day of that month. The Technology Fee and Dispatch Center Fee are payable on or before the 1st day of each month. All other fees are payable on demand unless otherwise expressly set forth herein or in the Manuals. Notwithstanding anything to the contrary contained herein, upon not less than sixty (60) days’ prior written notice to Franchisee, Franchisor may change the date, interval and frequency of the payment of any or all of Royalty Fees, National Advertising Fund contributions, Technology Fees, Dispatch Center Fees and other amounts payable to Franchisor hereunder. Upon any such change, the amount of any minimum payments and the period during which Gross Revenue is measured for the payment of such fees shall be appropriately adjusted. Franchisor has implemented several royalty incentive programs, as described in Exhibit I, for which Franchisee may be eligible and which would entitle Franchisee to discounts on Royalty Fees paid. To insure that Franchisor receives the full Royalty Fee and contributions to the National Advertising Fund to which Franchisor may be entitled, as the amount thereof may vary from time to time, Franchisee shall pay Franchisor, upon demand, in

a lump sum or in the same manner as full Royalty Fee and contributions to the National Advertising Fund are paid to Franchisor, the amount of all taxes paid by Franchisor to any governmental authority on revenue earned or collected by Franchisor based upon Franchisee's use of Franchisor's intellectual property or other intangibles or based upon the existence of this Agreement, within the governmental authority's domain during each of Franchisor's fiscal years throughout the entire term of this Agreement.

8.8.2 Franchisee shall pay Franchisor all amounts due and owing under this Agreement via electronic funds transfer (“EFT”) or other automatic payment mechanism, from a bank account designated by Franchisee and approved by Franchisor, that Franchisor may designate. Promptly upon Franchisor's request, Franchisee shall execute and deliver to Franchisor the EFT payment form attached to this Agreement as **Exhibit E** and all pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Franchisee's Royalty Fees and other sums payable under the terms of this Agreement. Franchisee shall maintain a designated bank account for all EFT payments and shall maintain such minimum balance in this account in the amount that Franchisor may reasonably specify from time to time. If Franchisee maintains multiple bank accounts for the Business, Franchisee must provide Franchisor with monthly bank statements and detailed reports for all such accounts by the 10th day of each month. Franchisee shall not alter or close any bank accounts except with Franchisor's prior written approval. Any failure by Franchisee to implement or maintain Franchisor's access to its bank account in strict accordance with Franchisor's instructions shall constitute a material default of this Agreement.

8.8.3 All amounts due and owing under this Agreement will be computed on the last day of the calendar month. The computation of the amounts will be reported on forms prescribed by the Franchisor, and shall be certified by the Franchisee in the manner specified by the Franchisor. The Franchisee will supply to the Franchisor such supporting or supplementary materials as the Franchisor may reasonably require to verify the accuracy of the remittances, including but not limited to monthly bank statements and transaction reports for all bank accounts maintained by Franchisee in connection with the Business. Failure to provide such documentation shall constitute a material breach of this Agreement.

8.9 Failure to Pay Fees / Submit the Gross Revenue Report in a Timely Manner. In the event Franchisee fails to pay any of the required fees, royalties or contributions, or any other amount due to Franchisor in the time as specified in this Agreement, or Franchisee fails to provide both the Gross Revenue Report and bank statement to Franchisor by the due date, Franchisee will be deemed in breach of this Agreement and shall pay (in addition to other rights, remedies and remunerations) a late fee of \$50 per day for each day said payment, Gross Revenue report and/or bank statement is late plus such amounts shall bear interest from the due date until paid at the lesser of eighteen percent (18%) per annum or the highest lawful interest rate which may be charged for commercial transactions in the state in which Franchisee's Business is located. In addition to the late fee and interest stated herein, Franchisor shall have the right to suspend Franchisee's rights under any National Accounts Program until such breach is cured. **It is agreed that such payments are but a reasonable estimate of Franchisor's damages, and not a penalty or forfeiture.** All late charges owed by Franchisee shall be paid to Franchisor. Any default in the payment thereof is a default which entitles Franchisor to terminate this Agreement for failure to

pay amounts due Franchisor, as provided by Article 16, and/or to institute proceedings to collect the delinquent amounts with applicable late charges.

8.10 Payment of Taxes and Assessments. Franchisee agrees to pay promptly, when due, all taxes and assessments that may be assessed or otherwise due against Franchisee's income, premises, equipment and/or supplies used in connection with Franchisee's business. Franchisee also agrees to discharge all liens and encumbrances of every kind and character created or placed upon or against any of said property and to pay all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of its business. Franchisee shall provide proof of such payments to Franchisor upon request. Franchisor shall also maintain the right of set off, to permit deductions of any such amounts from payments that may be due Franchisee hereunder. Any such amounts advanced by Franchisor shall be due and payable immediately on Franchisee's receipt of written demand from Franchisor, and if not paid within five (5) days shall be subject to late payment charges as set forth in this Agreement.

8.11 Default in Timely Payment. Any default by Franchisee in the timely payment of any indebtedness of Franchisee owing to Franchisor, or to any Affiliate of Franchisor, or the default by Franchisee in the payment of any indebtedness of Franchisee with respect to which Franchisor or any of the Affiliates of Franchisor is a guarantor, co-signer, endorser or obligor, shall constitute a default under this Franchise Agreement, rendering the same subject to termination in accordance with the provisions of Article 16.

8.12 Waiver of Claims; Application of Payments. Franchisee waives any and all existing and future claims and set offs against any amounts due Franchisor under this Agreement, which amounts shall be paid when due regardless of any other claims which Franchisee may have against Franchisor. However, Franchisor shall be entitled to apply or cause to be applied against amounts due to it any amounts which may from time to time be held by Franchisor on Franchisee's behalf or be owed to Franchisee by Franchisor. Notwithstanding any designation by Franchisee, Franchisor shall be reasonable in applying any payments received from Franchisee, whether designated as payable to Franchisor, the National Advertising Fund or otherwise, to any past due or other indebtedness of Franchisee for fees, advertising contributions, purchases, late fees or otherwise. Franchisor may set off from any amounts that may be owed to Franchisee, any amount that Franchisee owes to Franchisor or with respect to any payment overdue for over thirty (30) days. In particular, Franchisor may retain any amounts it has received for Franchisee's account (whether rebates or other funds and whether paid by or due from suppliers or otherwise) as a credit and payment against any amounts that Franchisee owes or will owe to Franchisor or with respect to any advertising contribution, should Franchisee be then overdue in any payments due to Franchisor for at least thirty (30) days. Franchisor may do so without notice at any time. However, Franchisee does not have the right to offset or withhold payments owed to Franchisor for amounts purportedly due Franchisee from Franchisor. Franchisor may condition Franchisee's participation in any program (including, but not limited to, any program involving payments from third party suppliers or otherwise) as Franchisor determines in its reasonable discretion, including, but not limited to, Franchisee being a "911 Restoration" franchisee in good standing and not in default under this or any other agreement with Franchisor. Franchisee agrees that it will not withhold any amounts otherwise due Franchisor as a result of any dispute of any nature, but will pay such amounts to Franchisor and only thereafter seek reimbursement.

8.13 Security Interest; Enforcement.

8.13.1 Franchisee hereby grants Franchisor a security interest in and to all personal property, leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the Franchised Business, now or hereafter acquired by Franchisee, together with all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of the assets, all rights of Franchisee to use the Proprietary Marks, trade names, trade styles, patents, copyrights and their registrations, Know How, confidential information and other proprietary rights, and all rights granted, owned or licensed to Franchisee under this Agreement for the use of the Proprietary Marks, trade names, trade styles, patents, copyrights, Know How, confidential information and other proprietary rights, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from Franchisee to Franchisor. Franchisee hereby authorizes Franchisor to prepare and file all Uniform Commercial Code (and comparable) financing statements, and other documents necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable. If Franchisee is in Default of any of the terms and conditions of this Agreement, Franchisor may, in its discretion, exercise its rights with respect to its security interest. In that event, Franchisee shall remain liable for any deficiency remaining due to Franchisor and shall be entitled to recover any surplus which results after the application of the proceeds derived from the enforcement of the security interest. This security interest shall expire once the franchise fee or fees have been paid in full.

8.13.2 In the event that Franchisee fails to make timely payments to Franchisor or any Affiliate of Franchisor, Franchisee and each of its owners, shareholders, members, partners, and guarantors jointly and severally expressly: (a) consent to Franchisor's right to refer such outstanding debts to a collection agency; (b) consent to Franchisor notifying any of Obligor's banks of the outstanding debt and reporting the delinquency to relevant credit reporting agencies; and (c) agree to execute any additional documentation necessary to evidence or perfect such security interests. The rights and remedies set forth in this Section 8.13 are cumulative and shall not preclude the exercise of any other rights or remedies available to Franchisor at law or in equity.

8.14 Non-Compliance Fee. In the event Franchisee is, at any time during the term of this Agreement, found to not be in compliance with the terms hereof and/or the System standards or this Agreement and have failed to cure such failure within the stated cure period herein, Franchisee agrees to pay to Franchisor five hundred dollars (\$500) the first time Franchisee is found to not be in-compliance with the System; one thousand dollars (\$1,000) for the second time Franchisee is found to not be in-compliance with the System; and one thousand five hundred dollars (\$1,500) for the third and any subsequent times Franchisee is found to not be in-compliance with the System. Franchisor's election to impose non-compliance fees shall not waive or limit any other rights or remedies Franchisor may have under this Agreement, including but not limited to Franchisor's right to later terminate this Agreement for the same or different breaches. If Franchisee's non-compliance is monetary in nature, Franchisor reserves the right to notify Franchisee's credit union or other banking institution that issued a loan or line of credit for Franchisee's business of Franchisee's failure to comply with this Agreement. Franchisee agrees that such fee and banking notification is in addition to any other rights or remedies Franchisor may have under this Agreement or at law. Franchisor may, in Franchisor's sole and absolute discretion,

choose to grant Franchisee an opportunity to cure the non-compliance prior to imposing the Non-Compliance Fee or pursuing other remedies, but Franchisor has no obligation to do so and Franchisor's choice to grant a cure opportunity in one instance does not require Franchisor to do so in any other instance. Franchisor shall have the right to require any form of verification to determine non-compliance, with or without cause, including but not limited to documentation, photos, video tours, etc. Franchisee shall be required to furnish such verification within seventy-two (72) hours of Franchisor's request. Franchisor has the right to make personal visits without notice to Franchisee's business.

8.15 Technology Fee. Franchisee is required to pay the then-current Technology Fee (the "**Technology Fee**") for the use of such software systems and other web-based platforms and digital services that Franchisor designates to be obtained from Franchisor. Franchisor's current Technology Fee is \$495 per month for one location owned by Franchisee and \$200 per month for each additional location owned by Franchisee (subject to Franchisor's prior written approval). A one-time setup fee of \$300 is required at the time of signing this Agreement. Presently, the Technology Fee includes up to three (3) Google email accounts. If Franchisee requires additional Google email accounts beyond the initial three (3), Franchisee must reimburse Franchisor for the cost of each additional email account at Franchisor's then-current rates. The Technology Fee is due and payable to Franchisor on or before the first day of the month. The Technology Fee is in addition to all direct out-of-pocket costs Franchisee must otherwise incur to acquire, maintain, or service the Computer Systems. The Technology Fee is subject to the Annual Adjustment.

8.16 Annual Adjustment.

8.16.1 Not more frequently than one time per calendar year, effective January 1 of such year (each, an "**Adjustment Date**"), fees that are specified dollar amounts (as opposed to based on formulae), may be adjusted by multiplying the then-current fee by a fraction, the numerator of which is the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, Not Seasonally Adjusted, published by the U.S. Bureau of Labor Statistics (the "**Index**") for the November prior to the Adjustment Date, and the denominator of which is the Index for the corresponding month in the prior year (the "**Annual Adjustment**"); provided, however, that in no event shall any Annual Adjustment exceed ten percent (10%) of the then-current fee. If the Index is discontinued or its methodology materially altered, Franchisor shall substitute a comparable index selected in good faith and notify Franchisee in writing.

8.16.2 If Franchisor does not implement an Annual Adjustment on any Adjustment Date (a "**Skipped Adjustment**"), Franchisor may, at any time thereafter, implement a catch-up adjustment to account for one or more Skipped Adjustments by providing Franchisee with sixty (60) days' prior written notice. The catch-up adjustment shall be calculated by multiplying the then-current fee by a fraction, the numerator of which is the Index for November prior to the effective date of the catch-up adjustment, and the denominator of which is the Index for the corresponding month in the year of the earliest Skipped Adjustment being corrected.

ARTICLE 9

OBLIGATIONS OF FRANCHISEE

9.1 Compliance with the System. Each component of the System is vital to Franchisor, to the network of other franchisees of the System and to the operation of the Franchised Business, as well as to the members of the purchasing public and clients who have come to rely upon Franchisor and its network for safety and security. Compliance with each such component is of the essence to this Agreement. Hence, Franchisee undertakes to conduct the Franchised Business at all times in full compliance with the System and each of its components, including any services as may be offered by Franchisor to the system from time to time, in Franchisee's Territory, pursuant to Section 18.1. Franchisee shall operate the Franchised Business in an efficient and professional manner in accordance with all applicable laws and with the highest ethical and moral standards. Franchisee shall, as well, comply with all recommendations and standards of quality and service prescribed from time to time by Franchisor in the Manual or otherwise. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Business, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the System with which Franchisee must comply under this Agreement, the Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Franchised Business consistent with the policies of Franchisor. Franchisee shall comply with Franchisor's standards and shall operate the Franchised Business in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manual or otherwise.

9.1.1 Within ten (10) calendar days after the signing of any approved Lease, or separate agreement, Franchisee will provide Franchisor with a copy of same accompanied by a signed statement from Franchisee that said Lease is the same Lease under which Franchisee will operate the Franchise.

9.1.2 Within thirty (30) days after the signing of this Agreement, Franchisee must provide Franchisor with the primary residence address for each owner of Franchisee.

9.1.3 During the term of this Agreement, Franchisee must provide at least fourteen (14) days' notice to Franchisor if any of its owners or key management personnel will be away from the Franchised Business for five (5) or more consecutive days. Franchisee's failure to provide notice within the time prescribed by this Section 9.1.3 constitutes a curable default under **Error! Reference source not found.** However, Franchisee acknowledges and agrees that any unexplained absence for five (5) or more consecutive days may be deemed an abandonment under Section 16.2.1.

9.2 Site Selection; Development and Opening of the Franchised Business.

9.2.1 After execution of this Agreement and payment of the Initial Franchise Fee, Franchisee must select a site within Franchisee's Territory, subject to Franchisor's approval. If an

address for the location of the Franchised Business is not completed on in **Exhibit A** as of the Effective Date, Franchisee who does not already lease or own a location acceptable to Franchisor from which to conduct business, must promptly own, lease, or rent premises within the Territory acceptable to Franchisor. Such location(s) are subject to Franchisor's prior written approval ("**Approved Location**") which will not be unreasonably withheld. Thereafter the address of the Approved Location shall be inserted in **Exhibit A** (which shall not be deemed to be an amendment to this Agreement). Franchisee must also equip the Franchised Business in accordance with the standards and specifications provided by the Franchisor, and complete its training (as required by **Section 5.3** of this Agreement).

9.2.2 Franchisee agrees to have Franchised Business open and operating no later than (i) one hundred eighty (180) days following the Effective Date or (ii) forty-five (45) days after Franchisee's successful completion of Franchisor's Initial Training Program, whichever occurs later (the "**Required Opening Date**"); provided, however, that Franchisee shall not be permitted to open its Franchised Business until Franchisee has successfully completed Franchisor's Initial Training Program and has provided sufficient proof that Franchisee (or one or more of its employees) has acquired its IICRC WRT, IICRC AMRT and fire and smoke restoration technician certification, IICRC OCT and IICRC FSRT certifications. If Franchisee fails to open the Franchised Business by the Required Opening Date for any reason other than with Franchisor's written consent to a delayed opening, Franchisee shall pay Franchisor a delayed opening fee of One Thousand Dollars (\$1,000) per month or any portion thereof until the Franchised Business opens for business.

9.2.3 Franchisee is excused from the timely performance of its obligations under this Section if the cause of delay is due to force majeure; however, no such delay shall extend the Required Opening Date by more than ninety (90) days.

9.3 **Operation in Compliance with Applicable Laws.** Franchisee shall operate the Franchised Business in strict compliance with all applicable federal, state, and local laws, ordinances, rules, and regulations, including, without limitation, all licensing, permitting, and certification requirements applicable to the Franchised Business and the services it provides. Franchisee is solely responsible for identifying, obtaining, and maintaining all licenses, permits, certifications, and other governmental approvals required by applicable law for the operation of the Franchised Business in its jurisdiction, and for ensuring that all such licenses, permits, certifications, and approvals remain current and in good standing throughout the Term of this Agreement. Franchisee is further solely responsible for ensuring that its employees and independent contractors receive all training required by applicable federal, state, and local law, including, without limitation, any trade-specific, safety, or occupational training mandated by any governmental authority having jurisdiction over the Franchised Business or its operations. Franchisee shall bear all costs associated with obtaining and maintaining such licenses, permits, certifications, and required training. Franchisee's failure to comply with any applicable licensing, permitting, or training requirement shall constitute a material breach of this Agreement. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive

Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided herein.

9.4 Supervision. Franchisee shall personally and directly operate and exercise adequate and substantial supervision over the operation of the Franchised Business unless otherwise permitted in writing by Franchisor. If Franchisee is a corporation, limited liability company or partnership, any equity holder owning at least fifty percent (50%) of the interests of the entity, or the chief executive thereof, shall fulfill the requirement set forth in this Section.

9.5 Service Vehicles. Franchisee shall be obligated to purchase or lease the appropriate vehicles, as specified by the Franchisor to be used in the operation of the Franchised Business, the specifications for which are set forth in the Manual, including that the vehicle shall be no more than four (4) years old ("**Vehicle**"), unless approved by Franchisor in writing. Franchisee shall at all times keep the Vehicle clean and neat, free of rust, and properly titled and insured. All Vehicles must display decals, graphics, and phone numbers strictly in accordance with Franchisor's brand guidelines as specified in the Manual, including but not limited to the required use of the designated 888 area code phone number. Failure to comply with vehicle branding requirements shall constitute a material breach of this Agreement and may result in compliance fees as set forth in the Manual and herein.

9.6 Computer System.

9.6.1 Franchisee shall bear the cost and expense to acquire all computer hardware and software that Franchisor requires. Franchisor may require that Franchisee purchase specific brands of hardware and software and that such hardware and software be purchased from an approved supplier. Franchisor reserves the right to modify its computer requirements at any time during the term of this Agreement and as frequently as Franchisor deems necessary. Franchisee shall update and/or upgrade Franchisee's computer system, including hardware, software and peripheral equipment, immediately upon notice by Franchisor to do so to meet Franchisor's then-current specifications. Neither Franchisor nor any Affiliate will provide Franchisee with any updates, upgrades or maintenance for Franchisee's computer system. Franchisee agrees to maintain a high-speed internet connection for the computer system at all times throughout the term of this Agreement. Franchisee must utilize only Franchisor approved emails for all employees, each of which needs to be purchased at Franchisor's then current fee and renewed annually at Franchisor's then current fee.

9.6.2 Franchisee must purchase a new or used computer system for the Franchised Business. Franchisee's computer system must effectively operate all required software; have high-speed internet; and be capable of preparing estimates for repair and remediation work, managing insurance claims, creating financial reports, tracking sales, conducting client maintenance tasks, keeping accounting and other records, purchasing and tracking inventory, and accessing the internet. Franchisee may purchase the computer system from a vendor of Franchisee's choice. Franchisee must purchase and install, at Franchisee's expense, all required software applications

including, but not limited to, QuickBooks Online, CRM, Xactimate, Xactanalysis, Symbility, MICA, MS Office 365, DocuSketch, and any other programs that Franchisor requires.

9.6.3 Franchisee must license and subscribe to Franchisor's designated customer relations management ("**CRM**") software systems. Franchisee must install, operate and use Franchisor's designated CRM software and internal programs throughout the term of this Agreement. Franchisee shall pay the vendor(s) for the CRM software and internal programs its then-current setup and periodic fees for use of such CRM software and internal programs, e-mail system, and internal programs, and periodic enhancements. Franchisor may discontinue or suspend Franchisee's access to Franchisor's CRM software and internal programs for any reason whatsoever, including, but not limited to, during such period as Franchisee is in default under this Agreement, without any liability to Franchisee relating thereto. Franchisee must discontinue using the CRM software and internal programs and uninstall any associated software from its computer system immediately upon notice from Franchisor to do so.

9.6.4 Franchisee shall report all required information, including all losses (commercial and residential) into the CRM software. Franchisee shall report sales solely using such forms or in such format as Franchisor may specify from time to time. For each job, sales tax must be indicated as a separate line item on the invoice, as Franchisor does not charge royalties on sales tax. To be eligible for sales tax deductions, Franchisee must provide proof of sales tax payments to relevant tax authorities on a quarterly and/or annual basis. Failure to separately itemize sales tax on invoices or provide proof of sales tax payments will result in Franchisee being ineligible to deduct sales tax, and all charges will stand without setoff or change. Franchisor reserves the right to modify the required format or forms at Franchisor's sole discretion.

9.6.5 Franchisee shall provide Franchisor with independent access to Franchisee's computer system, CRM software, and the information and data Franchisee collects at all times at Franchisee's expense. The information and data Franchisor may obtain from Franchisee's computer system includes, without limitation, sales/revenue, customer, service, inventory and other data as Franchisor deems appropriate. The information and data Franchisor obtains shall become and remain the exclusive property of Franchisor, subject to applicable data privacy laws and regulations, including but not limited to customer information protection requirements.

9.6.6 Franchisee shall pay the CRM vendor directly.

9.7 Purchases from Approved Suppliers. Any products, logoed apparel, marketing and promotional materials and give-away and any other item or good containing the trademark for the operation of the Franchised Business must be purchased only either from Franchisor, its designees or from suppliers approved in writing by Franchisor. The procedures for Franchisee's obtaining approval of alternate suppliers are stated in the Manual. Franchisee must register with and maintain an active account with Franchisor's designated compliance check supplier, within six (6) months of executing this Agreement. Franchisee shall be responsible for paying all fees, costs, and charges required by such vendor in connection with such registration and ongoing compliance monitoring services.

9.8 Approved Products and Services. Franchisee shall offer and sell only and all of those Products and Services that Franchisor has authorized Franchisee to offer and sell, or such other products and services that have received the prior written approval of Franchisor, which approval shall not be unreasonably withheld. The Franchised Business must at all times offer the following restoration services: (i) water damage, (ii) mold damage, and (iii) fire damage. Franchisor may limit the Products and Services that Franchisee may offer and/or provide. Franchisee agrees that it may not be authorized to offer all Products and Services. Certain franchisees may be approved to offer products and services different or additional to the Products and Services that Franchisee may be approved to provide.

9.9 Employees and Independent Contractors. Franchisee shall maintain a competent, conscientious, and trained staff and shall take all steps necessary to ensure that its employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, and meet the minimum standards that Franchisor may establish from time to time in the Manual or otherwise. Franchisor shall provide Franchisee with a copy of the Manual and any updates to the Manual in a timely manner. Prior to hiring an employee, Franchisee must conduct a background check on any prospective employee and provide said report to Franchisor for review. Franchisee may not employ any prospect with a felony conviction. If Franchisee is in violation of this Article then Franchisor has the right to prohibit Franchisee from participating in any National Account program. All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be the employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any Governmental Authority. Franchisee and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments with respect to their respective employees and operations. Franchisee acknowledges and agrees that Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify Franchisee's supervisory or managerial personnel for qualification to perform certain functions at the Franchised Business does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's personnel. Franchisee alone shall be solely responsible for all hiring and employment decisions and functions relating to the Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee acknowledges and agrees that any guidance Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own employment policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel experienced in employment law. Franchisee shall immediately defend, reimburse and hold Franchisor harmless from any direct or indirect losses, costs and expenses, including attorney's fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions of the Franchised Business, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees. Franchisee shall cause all employees, while working for the Franchised Business, to wear uniforms of the color, design and other specifications that Franchisor may designate from

time to time and to present a neat and clean appearance. If Franchisor removes a type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have thirty (30) days from receipt of written notice of removal to discontinue use of its existing inventory of uniforms and obtain and use the approved type of uniform.

9.10 Training Programs. Franchisee will offer such continuing training programs to its personnel as are specified in the Manual.

9.11 Advertising. Franchisee will comply with all of the obligations regarding advertising set forth in Article 10.

9.12 Inspections. To protect the System, the Proprietary Marks, the Copyrights, the Proprietary Properties, Know How and the goodwill associated with the same, Franchisor or any of its authorized agents or representatives may, upon reasonable notice, inspect the Franchised Business during normal business hours, to examine the Franchised Business, to confer with Franchisee's supervisory or managerial personnel, inspect or check operations, and determine whether it is in compliance with this Agreement and with the System. Unannounced spot checks may be conducted from time to time, although discretion will be used so as not to interfere or disrupt the normal course of business. All records shall be kept confidential. Franchisee understands and consents to Franchisor's ability to access all files, data, accounts, reports and the like resulting from or relating to Franchisee's transmission of any required reports to Franchisor via computer.

9.13 Reports. Franchisee shall submit to Franchisor such reports regarding the Franchised Business as Franchisor prescribes in the Manual, in addition to those required under Section 8.6. All records will remain confidential, except as required by the franchise laws.

9.14 Insurance. To afford Franchisee and Franchisor protection against insurable risks, Franchisor shall prescribe in the Manual minimum standards and limits for insurance coverage which must be purchased by Franchisee. Franchisee's failure to purchase such insurance coverage before commencement of business or to maintain such coverage throughout any Term is a ground for termination of this Agreement.

9.14.1 All insurance purchased by Franchisee must name Franchisor and its officers, directors and shareholders as additional named insureds and must provide that Franchisor be given at least thirty (30) days' prior written notice of any termination, amendment, cancellation, or modification.

9.14.2 Franchisee must provide Franchisor with Certificates of Insurance for all required insurance at least ten (10) days before the Commencement of the Business. Additionally, Franchisee must provide updated Certificates of Insurance annually, no later than ten (10) days prior to the anniversary date of the previous certificate, and within ten (10) days after any insurance policy renewal or modification.

9.14.3 If Franchisee fails or refuses to purchase or maintain the prescribed insurance coverage, or to comply with any other requirement set forth in this Section, Franchisor shall have the right, without waiver of any other remedies, to secure such insurance on Franchisee's behalf through agents and insurance companies of Franchisor's choosing. In such event,

Franchisee shall reimburse Franchisor for its actual cost of insurance premiums plus a reasonable administrative fee for expenses incurred. Franchisor may charge such amounts via ACH on file, and Franchisee hereby authorizes such charges. Franchisor may take all other action necessary to protect its interests under this Agreement.

9.14.4 Franchisee must obtain and maintain, at Franchisee's expense, insurance coverage. Franchisor's System may regulate the types, amounts, terms and conditions of insurance coverage required for Franchisee's franchise and standards for underwriters of policies providing required insurance coverage; Franchisor's protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to Franchisor; periodic verification of insurance coverage that must be furnished to Franchisor; Franchisor's right to obtain insurance coverage at Franchisee's expense if Franchisee fails to obtain required coverage; Franchisor's right to defend claims; and similar matters relating to insured and uninsured claims. All of Franchisee's policies must name Franchisor as an additional insured and must include third party contents coverage. Franchisee must maintain valid insurance coverage at all times during the Term of this Agreement. Additionally, upon transfer, non-renewal, expiration, or termination of this Agreement, Franchisee must purchase and maintain tail insurance coverage in the types and amounts designated by Franchisor from time to time for a period of up to one (1) year following such event. Franchisor's current insurance requirements, which are subject to change are listed in **Exhibit H** to this Agreement. Franchisor must be named as a certificate holder for all policies obtained by Franchisee.

9.15 **Good Faith.** Each of the parties hereto will act in good faith and use its best efforts to comply with its obligations under this Agreement, and will cooperate with the other in accomplishing the purposes of this Agreement. Further, Franchisee shall not directly or indirectly engage in any activities which would be detrimental to or interfere with the operation or reputation of the Franchised Business, Franchisor, the System, or the operations of any other franchisee.

9.16 **Guaranty.** Upon execution of this Agreement, the majority owners of Franchisee (if a corporate entity), the General or Managing Partner (if a limited partnership) or the individual partners (if a standard partnership) shall each execute the Guaranty in the form annexed hereto as **Exhibit D** of all obligations, including payment of money under this Agreement.

9.17 **Maintenance of Franchised Business.** Franchisee must, at all times during the Initial Term of this Agreement, maintain the Approved Location in a neat and clean condition, and Franchisee shall perform all maintenance required for the Approved Location, all Vehicles Franchisee uses in the operation of the Franchised Business, and all equipment Franchisee uses in the operation of the Franchised Business. If Franchisor provided Franchisee with notice, pursuant to an inspection or visit, that these items have not been maintained to Franchisor's standards, and if Franchisee does not undertake to correct these deficiencies within the time period required by Franchisor, Franchisor shall have the right to correct such deficiencies on Franchisee's behalf, and Franchisee agrees to reimburse Franchisor's costs in so acting.

9.18 **Customer Warranties.** Franchisee must comply with Franchisor's stated customer warranty policies, as included in the Manual or otherwise in writing.

9.19 Hours of Operation. Franchisee must keep the Franchised Business open and in normal operation for the minimum hours and days specified in the Manual and as permitted by applicable laws. As of the Effective Date, Franchisee is required to be “open for business” and accepting calls 24/7/365/366, unless otherwise directed by Franchisor.

9.20 Certifications. During the term of this Agreement, Franchisee must comply with the IICRC guidelines and specifications and Franchisee must be certified by them at Franchisee’s own expense. More about the IICRC can be found at www.iicrc.org. Franchisee must ensure that at least one employee on their staff holds a current IICRC certification in each of the following categories: IICRC WRT; IICRC AMRT; IICRC ASD; IICRC FSRT and IICRC OCT. Franchisee must comply with the Confidential Operations Manual regarding service jobs that Franchisor requires Franchisee to have IICRC certified staff members present. Within six (6) months from the Commencement of the Business, Franchisee must provide proof to Franchisor that Franchisee has acquired its IICRC ASD certification. Within twelve (12) months from the Commencement of the Business, Franchisee must provide proof to Franchisor that Franchisee has acquired its IICRC FSRT and IICRC OCT certifications. Franchisee will provide Franchisor with evidence of such current IICRC certification within fifteen (15) days of Franchisee’s receipt of Franchisor’s request. Franchisee must maintain additional certifications or licensing as required by local, state and federal law. Franchisee’s failure to maintain all certifications shall be a material breach under this Agreement.

9.21 Credit Cards. Franchisee shall honor all credit, charge, courtesy and cash cards approved by Franchisor in writing. To the extent Franchisee shall store, process, transmit or otherwise access or possess cardholder data in connection with the operation of the Franchised Business, Franchisee shall maintain the security of cardholder data and adhere to the Then-Current Payment Card Industry Data Security Standards (“**PCI DSS**”), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the term of this Agreement. Franchisee shall be and remain responsible for the security of cardholder data in the possession or control of any subcontractors Franchisee engages to process credit cards. All subcontractors must be identified to Franchisor and receive written approval from Franchisor in writing prior to sharing cardholder data with the subcontractor. Franchisee shall, if requested to do so by Franchisor, provide appropriate documentation to Franchisor to demonstrate compliance with applicable PCI DSS requirements by Franchisee and all identified subcontractors.

9.22 Intranet. Franchisor has established an intranet (or extranet) (“**Intranet**”) for by System franchisees. Franchisee shall have the privilege to use the Intranet, subject to Franchisee’s strict compliance with the standards, specifications, protocols, and restrictions that Franchisor may establish from time to time. Franchisee acknowledges that, as administrator of the Intranet, Franchisor may access and view any communication posted on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor’s property, free of any claims of privacy or privilege that Franchisee or any other person may assert. Franchisee shall establish and continually maintain an electronic connection with the Intranet as specified in the Manuals that allows Franchisor to send messages to and receive messages from Franchisee. If Franchisee shall Default under this Agreement or any other agreement with Franchisor, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee’s access to the Intranet without Franchisor having any liability to Franchisee.

ARTICLE 10 ADVERTISING

To protect the System, the Proprietary Marks, the Copyrights, the Proprietary Properties, Know How and the goodwill associated with the same:

10.1 Advertising to be Approved by Franchisor. Franchisee shall use for Franchisee's advertising and promotional activities only those materials, concepts and programs which have been furnished by Franchisor or approved by Franchisor within the immediately preceding twelve (12) month period. If Franchisee wishes to use advertising materials that have been prepared by or for Franchisee and Franchisor has either not approved these materials or not approved them within the preceding twelve (12) month period, Franchisee must submit the proposed advertising materials to Franchisor. Franchisor will have fifteen (15) days after receipt of the materials to notify the Franchisee whether they are approved. Unless Franchisor provides Franchisor's specific approval of Franchisee's proposed materials, they are deemed not approved. Any materials Franchisee submits to Franchisor for Franchisor's review will become Franchisor's property, and there will be no restriction on Franchisor's right to use or distribute these advertising materials. Prior to use, Franchisee shall disclose in writing to Franchisor all advertising targeting (including zip codes, cities and other information specified by Franchisor) and all advertising and promotional materials to be used. Franchisee shall not conduct any advertising or promotional activities intended to reach outside of the Territory.

10.2 National Advertising Fund. Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, Franchisor has established a national advertising fund to promote the Proprietary Marks and 911 Restoration Businesses (collectively, the "**National Advertising Fund**") for national and regional advertising, programs, publicity, promotion, sales teams, lead generation activities, and other resources designed to generate work and revenue for the System, including advertising, marketing, and public relations program and materials Franchisor deems appropriate that will be used nationally, regionally, or locally in Franchisor franchise owners' markets.

10.2.1 Franchisee shall contribute to the National Advertising Fund in accordance with the following:

(a) During Franchisee's first 6-months after signing this Agreement Franchisee must contribute to the National Advertising Fund a monthly amount equal to 1% of collected Gross Revenue. Beginning in the 7th month after Franchisee signs this Agreement Franchisee must contribute to the National Advertising Fund an amount equal to the greater of 1% of Franchisee's Gross Revenue or \$100 per month. National Advertising Fund contributions will be payable on the 15th day of each month. If the 15th day of any month is not a business day, National Advertising Fund contributions must be paid on the next business day immediately following the 15th day of that month. Franchisor reserves the right, upon five (5) business days' notice to Franchisee, to require Franchisee to pay the National Advertising Fund contribution at any other increments Franchisor chooses, which may include weekly.

(b) Notwithstanding the foregoing:

- (i) If Franchisee owns three (3) or less territories, whether under one or multiple franchise agreements operating from a single location, Franchisee's calendar year National Advertising Fund contributions shall be capped at an amount equal to the average National Advertising Fund contributions paid by Franchisor's franchisees that operate 911 Restoration Businesses who earned the top ten percent (10%) Gross Revenue for the System. Franchisor shall calculate this cap and notify Franchisee by email within the first sixty (60) days of each calendar year. For purposes of calculating the average National Advertising Fund contributions paid by 911 Restoration franchisee who earned the top ten percent (10%) Gross Revenue for the System, Franchisor shall base such calculation on all franchisees of 911 Restoration Businesses, regardless of how many territories are owned and operated. Once Franchisee has reached the annual cap on National Advertising Fund contributions, Franchisor shall notify Franchisee, by email, and Franchisee shall not be required to pay any further National Advertising Fund contributions for that calendar year. Franchisee understands that this cap shall expire on December 31 of each calendar year and that as of January 1 of each calendar year Franchisee shall be required to make the required National Advertising Fund contributions until that respective year's cap has been reached by Franchisee.
- (ii) For purposes of this Section 10.2.1, a location shall be defined as the specific street address of the Franchised Business accepted by Franchisor and set forth in the relevant Exhibit to the Franchise Agreement. Franchisee understands and acknowledges that more than one territory may be operated from a single location or multiple locations and that Franchisee may not combine locations for purposes of this Section 10.2.1. If there is any discrepancy regarding what address constitutes the location, the decision of the Franchisor shall be final.
- (iii) If Franchisee owns more than three (3) territories, whether under one or multiple franchise agreements, Franchisee's calendar year National Advertising Fund contributions cap for each territory shall be calculated as the average National Advertising Fund contributions paid by 911 Restoration franchisee who earned the top ten percent (10%) Gross Revenue for the System divided by three (3). For purposes of calculating the average National Advertising Fund contributions paid by 911 Restoration franchisees who earned the top ten percent (10%) Gross Revenue for the System, Franchisor shall base such calculation on all 911 Restoration franchisees, regardless of how many territories are owned and operated. Once Franchisee has reached the annual cap on National Advertising Fund contributions for all territories combined, Franchisor shall notify Franchisee, by email, and Franchisee shall not be required to pay

any further National Advertising Fund contributions for that calendar year. Franchisee understands that this cap shall expire on December 31 of each calendar year and that as of January 1 of each calendar year Franchisee shall be required to make the required National Advertising Fund contributions until that respective year's cap has been reached by Franchisee for all territories combined.

- (iv) Notwithstanding anything to the contrary in this Section 10.2.1, Franchisor shall have the right, in its sole discretion, to modify, eliminate, and/or reinstate the caps on National Advertising Fund contributions set forth in this Section 10.2.1(b), in whole or in part, upon not less than sixty (60) days' prior written notice to Franchisee. Any such modification, elimination, or reinstatement shall be effective as of the date specified in Franchisor's notice and shall apply prospectively to all of Franchisee's National Advertising Fund contributions accruing on or after such effective date.

10.2.2 Franchisor shall direct all national and regional advertising programs, revenue generation initiatives, and other programs with sole discretion over the creative concepts, materials, endorsements, media, sales programs, resource allocation, and the development and implementation of new programs and initiatives used therein, and the placement and allocation thereof. Franchisee understands and acknowledges that the National Advertising Fund is intended to generate public recognition and acceptance of the System and the Proprietary Marks for the benefit of businesses operating under the System, and that Franchisor undertakes no obligation in administering the National Advertising Fund to ensure that expenditures from the National Advertising Fund are proportionate or equivalent to Franchisee's contributions made for its Franchised Business, or that any particular franchised business or franchisee benefits directly or pro rata from the placement of any such advertising.

10.2.3 Franchisee agrees that the National Advertising Fund may be used for national and regional advertising, publicity, promotion, sales teams (including salaries, commissions, travel expenses, and other related costs whether for directly employed or outsourced sales personnel), lead generation, support of the National Accounts Program, and other existing or future programs, initiatives, and resources designed to generate work and revenue for, or otherwise benefit, the System. The National Advertising Fund may also be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, market-specific test campaigns and pilot programs in selected geographic regions or markets as determined by Franchisor in its sole discretion, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The National Advertising Fund may also be used to fund sales teams, call centers, lead generation programs, the National Accounts Program, digital marketing services (including but not limited to search engine optimization (SEO), pay-per-click advertising, social media marketing, and content marketing for the System's primary website and related digital properties), and any other current or future programs, initiatives, or resources designed to generate work and revenue for the System.

or otherwise benefit the System, regardless of whether such programs benefit any particular franchisee directly. Monies from the National Advertising Fund may be used for the development and maintenance of the Franchisor Website. The National Advertising Fund shall be accounted for separately from the other funds of Franchisor. Franchisor may use the National Advertising Fund to pay for all costs and expenses related to the development, implementation, and administration of System-wide marketing, revenue generation programs, and any other current or future programs or initiatives that Franchisor determines, in its sole discretion, will benefit the System, including but not limited to salaries, commissions, bonuses, sales-related incentives, travel expenses, overhead, administrative costs, and other expenses incurred in connection with such programs, whether such expenses are incurred by Franchisor's employees or third-party contractors. For the avoidance of doubt, all compensation paid to sales representatives and sales team personnel (including, without limitation, base salaries, commissions, bonuses, performance-based incentives, and other sales-related compensation), together with all associated travel expenses and costs, shall constitute approved expenditures of the National Advertising Fund and shall not be deemed "administrative" expenses or salaries for any purpose under this Agreement; accordingly, such sales team compensation and related costs shall not be subject to or included within the fifteen percent (15%) administrative fee described below. Franchisor will receive an administrative fee equal to fifteen percent (15%) of the amounts collected from the National Advertising Fund.

10.2.4 An unaudited statement of the operations of the National Advertising Fund shall be prepared annually by Franchisor's accountants and shall be made available to Franchisee on written request. The cost of the statement shall be paid by the National Advertising Fund. Except as expressly provided in this Section 10.2, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the National Advertising Fund.

10.2.5 Each 911 Restoration Business owned by Franchisor or its Affiliates shall make contributions to the National Advertising Fund as is required to be contributed by franchisees generally within the System. Franchisees may contribute at different rates.

10.3 Local Advertising and Digital Marketing. Franchisee shall spend at least \$3,500 per month on local business development and advertising as well as digital marketing, and must provide Franchisor with proof of such expenditures within ten (10) days following the end of each month. Franchisee acknowledges that the proper conduct of all promotion programs is not only necessary to the success of the Franchised Business, but is also likely to affect the goodwill and reputation of the Franchisor, the Proprietary Marks, and the System. It is therefore agreed as follows:

10.3.1 Franchisee shall conduct digital marketing, which shall be focused on lead development through currently approved sites for local SEO packages, social media and PPC campaigns. Franchisor may, in its sole discretion, offer digital marketing programs to Franchisee. Franchisee may either (i) participate in Franchisor's digital marketing programs for an additional fee, or (ii) obtain these services from Franchisor's Affiliate or another approved supplier. Franchisor reserves the right to modify, change, or eliminate any digital marketing programs it offers at any time. Neither Franchisor, Franchisor's Affiliate, nor any approved supplier guarantees any results from digital marketing efforts, regardless of whether such efforts are conducted through

Franchisor's digital marketing programs or through third-party vendors. Upon Franchisor's request, Franchisee shall provide Franchisor with verification of all expenditures for digital marketing within thirty (30) days of such request.

10.3.2 Franchisee shall engage in local business development and advertising in its Territory as outlined in the Manual. In addition, Franchisee must hire an approved local marketer to conduct its local advertising after the first three (3) month period that the Franchised Business opens for business. The costs associated with hiring and maintaining the required local marketer shall be separate from, and in addition to, Franchisee's monthly minimum advertising requirement stated herein. All local advertising materials and programs must either be purchased from Franchisor or obtained through an approved supplier, and must have been approved by Franchisor within the past twelve months. Franchisor reserves the right to modify or discontinue any advertising programs it offers at any time.

10.3.3 Franchisee will not use any advertising or sales promotion materials of any kind other than those purchased from and distributed by Franchisor, nor conduct any print or broadcast advertising, or any promotion, without first obtaining the approval of Franchisor. All materials submitted to Franchisor for its review will become Franchisor's property.

10.3.4 Franchisee shall list separately or participate in an advertisement in the Yellow Pages, online business directories (including but not limited to Yelp, Google My Business, and Bing Places), social media platforms (including but not limited to Facebook, Instagram, and LinkedIn), or equivalent platforms, or equivalent in their local telephone directories, containing such copy as may be specified by Franchisor. The cost of such listing will be paid by Franchisee, or by Franchisee and other participating franchisees in the case of a joint listing. Franchisor will not specify any unreasonably expensive listing. The advertisement must include only phone numbers that are approved by Franchisor and that are forwarded to Franchisor's call center. Use of personal phone lines is strictly prohibited. All business listings, profiles, accounts, phone numbers, domain names, social media accounts, and other marketing assets or identifiers used in connection with the Franchised Business are and shall remain the exclusive property of Franchisor. Franchisee acknowledges that they have no ownership rights in any such listings, profiles, accounts, or phone numbers and shall immediately transfer control of any such assets to Franchisor upon request or termination of this Agreement.

10.3.5 In addition to the monthly reporting requirements set forth above, upon Franchisor's request, Franchisee shall provide Franchisor with verification of any local advertising expenditures within thirty (30) days of such request.

10.4 Advertising Cooperatives. In addition to the local advertising expenditures discussed above, if a local advertising cooperative is formed by 911 Restoration Businesses and approved by Franchisor, then Franchisee has the option to participate or not participate in the Cooperative. If Franchisees opt to participate in the Cooperative, then it will pay the percentage of Gross Revenue to the advertising cooperative in the amount agreed upon by the majority, which amount will be based on Franchisee's location and size of Franchisee's market. Any 911 Restoration Businesses owned by Franchisor or its Affiliates within the same geographical area that encompasses the local advertising cooperative shall participate in such cooperative on the same basis as franchisees in the cooperative.

10.5 Advisory Council. Franchisor may, in its sole discretion, form one (1) or more councils to advise or discuss with Franchisor matters pertinent to the System and the marketing of products and services by 911 Restoration Businesses. If Franchisor creates a council, it will be comprised of franchisees and a Franchisor representative. Franchisor may, in its sole discretion, either (i) select Franchisee participants based, in part, on the performance of their Franchised Businesses and their length of time in the System, or (ii) establish a nomination and voting process whereby franchisees may elect their representatives to the council. The specific method of selection shall be determined by Franchisor from time to time. This council, if and when formed, will act in an advisory capacity only. Franchisor reserves the right to terminate any advisory council, in its sole discretion.

10.6 Franchisee's Likeness and Marketing Materials. Franchisee and its owners hereby grant Franchisor the perpetual, irrevocable, worldwide, royalty-free right and consent to use, modify, edit, adapt, publish, translate, create derivative works from, distribute, perform, display, and otherwise exploit Franchisee's and its owners' names, voices, signatures, photographs, likenesses, images, videos, testimonials, biographical information, business results, success stories, and other relevant information (collectively, "**Franchisee Content**") for any purpose related to the 911 Restoration Franchise Inc. brand, including but not limited to marketing, advertising, promoting, publicity, and training. This consent extends to all forms of media now known or hereafter developed, including but not limited to digital, print, broadcast, mobile, social media, and any future technologies, and is granted without any compensation, attribution, or further approval by Franchisee. Franchisee acknowledges that such use may include, but is not limited to, website content, social media posts, brochures, promotional materials, training materials, and franchise sales materials. Franchisee represents, warrants, and shall indemnify and hold Franchisor harmless from any claims arising from the fact that it has obtained all necessary rights, permissions, releases, and consents from its owners, employees, and any other individuals featured in the Franchisee Content. Franchisee agrees that all such materials and any derivatives thereof shall remain the exclusive property of Franchisor, and Franchisor may use, reproduce, modify, distribute, sublicense, or otherwise exploit them in perpetuity as it deems appropriate, including after the termination or expiration of this Agreement. Franchisee and its owners hereby waive any rights of publicity, privacy, or moral rights relating to the use of Franchisee Content.

ARTICLE 11

REPORTING AND FINANCIAL MANAGEMENT REQUIREMENTS

11.1 Records Retention. Franchisee shall keep true and accurate records, including those which may be specified by Franchisor from time to time, from which all sums payable under this Agreement and the dates of accrual thereof may be readily determined. Franchisee shall keep such records on its business premises at all times, unless Franchisee obtains Franchisor's express written consent. In any event, Franchisee shall at all times inform Franchisor of any change in the location of Franchisee's records. Franchisee shall make these records available to Franchisor at the business premises during normal business hours.

11.2 Reporting Systems. Franchisee shall utilize QuickBooks Online (or such other accounting software system as Franchisor may designate from time to time) and such other reporting and financial control systems as Franchisor may reasonably direct.

11.2.1 Franchisee will maintain on forms approved or provided by Franchisor, a monthly sales report and monthly profit and loss statement accurately reflecting the operations and condition of the Franchised Business.

11.2.2 Franchisee shall employ such methods of filing, record-keeping, bookkeeping, accounting and reporting as Franchisor may from time to time reasonably require.

11.2.3 Franchisee shall adopt and strictly adhere to such methods for control and protection of cash receipts (and of records pertaining thereto) as Franchisor may from time to time direct.

Franchisee shall provide Franchisor with administrative level access to its QuickBooks Online account (or such other accounting software system as Franchisor may designate) at all times during the Term of this Agreement. Such access shall allow Franchisor to view all financial records, run reports, and monitor all accounting activities in real-time.

11.3 Monthly Reporting. Franchisee will have prepared and furnished to Franchisor on the 10th day of each month Franchisee's monthly financial statements from the then-current system for bookkeeping and accounting purposes, consisting of a balance sheet, statement of earnings or loss, and statement of changes in financial position, including all notes to all such statements and any schedules of partners' or shareholders' capital. Franchisee shall also provide quarterly profit and loss statements within fifteen (15) days after the end of each calendar quarter. The annual profit and loss statement, along with all other annual financial statements, must be furnished to Franchisor no later than January 30th of each year for the previous calendar year. Each year these reports must be compiled, reviewed by a certified public accountant ("CPA") admitted to practice accountancy in the state in which the Territory is situated, and must be published on the stationery of, and signed by, the CPA. Franchisor reserves the right to request financial statements and profit and loss statements more frequently as it deems necessary. All accounting must be on a cash basis. Should Franchisee be deemed by Franchisor to have under-reported or improperly reported or paid (as determined under Section 11.4) by two percent (2%) or more on at least two (2) occasions, Franchisor may, at its sole discretion, require that all future statements provided by Franchisee be audited by the CPA. Reports shall be deemed timely made if personally delivered to the offices of Franchisor, electronically transmitted to and received by Franchisor, or postmarked by the U.S. Postal Service (with proper first-class postage prepaid) on or before the required date. In addition to the financial reports described above, Franchisee must submit a comprehensive client report containing current contact information (including, at minimum, client name, address, phone number, and email address) for all active clients served during the reporting period. Such client reports shall be submitted simultaneously with each monthly, quarterly, and annual financial report. The client reports must be in the format specified by Franchisor and must include any additional client information as reasonably requested by Franchisor from time to time. Upon written request from Franchisor, Franchisee shall, at its expense, also provide Franchisor with a copy of Franchisee's financial statements from the then-current system for bookkeeping and accounting purposes showing the results of operations of the Franchised Business for each fiscal year during the term of this Agreement, including a statement of income and balance sheet, within ninety (90) days after the end of each fiscal year of Franchisee. Each such statement shall be signed by Franchisee attesting that it is true and correct. Franchisee shall also provide to Franchisor, for review or auditing, such other forms, sales reports, cash register receipts, records, information and

data as Franchisor may reasonably designate, on the forms and in the manner as are reasonably designated by Franchisor. In addition, Franchisee must provide Franchisor with its state and federal tax returns each year.

11.4 Inspections and Audits. Franchisor and its authorized representatives shall have the right at all times during the business day to enter the Franchised Business and/or any other location where books and records relative to the Franchised Business are kept, and to inspect, copy, review and audit such books and records, including Franchisee's state and federal income tax returns and state sales and use tax and personal property tax returns, and Franchisee waives any privileges with regard to any tax returns. If Franchisor suspects that Franchisee, directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or entity is engaged in, or has any interest in, any Competing Business in the Territory, then Franchisor and its authorized representatives shall have the right to at all times during the business day to enter into the premises of the Competing Business and/or any location associated therewith to inspect, copy, review and audit such business and its books and records. Franchisee will, and will cause all applicable third-parties to, cooperate completely and in good faith with the audit, review and inspection, and will provide and explain all records requested by the inspector and/or auditor or necessary to provide information sought by the inspector and/or auditor. All records produced will be maintained by Franchisor in confidence, except for the uses intended under this Agreement.

11.4.1 If an audit or inspection discloses that Franchisee has underpaid any sums due Franchisor under this Agreement, Franchisee will pay the amount underpaid immediately. Any such underpayment amounts shall also be subject to the late payment fees as set forth in Section 8.2, liquidated damages equal to two (2) times the error, and attorneys' fees. If an audit or inspection reveals any overpayment by Franchisee, the amount of the overpayment will be credited against royalty fees and advertising contributions next falling due.

11.4.2 If an audit is required due to Franchisee's failure to provide Franchisor with required reports, or if the audit reveals an understatement in any amount owed to Franchisor of two percent (2%) or more, then Franchisee shall pay any understated amount together within interest thereon, and Franchisee shall reimburse Franchisor for all costs and expenses relating to such audit (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

ARTICLE 12

INDEPENDENT CONTRACTOR AND INDEMNIFICATION

12.1 No Fiduciary Relationship. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them (unless otherwise stated), that Franchisee is, and shall at all times be and remain an independent contractor, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

12.2 Notice of Independent Contractor. During the Initial Term and Renewal Term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise granted by Franchisor. Franchisee will take such affirmative action as may be necessary to indicate the same, including exhibiting a notice of that fact in a

conspicuous place within the Approved Location, the content of which Franchisor reserves the right to specify.

12.3 Indemnification by Franchisee. Franchisee shall at all times defend, at its own cost, and indemnify and hold harmless to the fullest extent permitted by law, Franchisor, its corporate parent, the corporate subsidiaries, Affiliates, successors, assigns, and designees of either entity and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each (collectively, the “**Indemnitees**”) from all losses, liabilities, damages, claims, costs and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: Franchisee’s infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; Franchisee’s violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by Franchisee; Franchisee’s violation or breach of any warranty, representation, agreement, or obligation in this Agreement, including in connection with any noncompliance with any demand for inspection or audit of the Franchised Business or Franchisee’s failure to comply with any such inspection or audit; any acts, errors, or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, proprietors, Affiliates, or representatives at the Approved Location or in any manner in connection with the Franchised Business; the inaccuracy, lack of authenticity, or non-disclosure of any information by Franchisee or any customer or client of Franchisee; any service provided by Franchisee at, from, or related to the operation at the Approved Location; any services provided by any Affiliated or non-Affiliated participating entity; and any action by any customer or client of Franchisee. For the purpose of this Section, the term “**losses and expenses**” is deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys’ fees, experts’ fees, court costs, settlement amounts, judgments, compensation for damages to Franchisor’s reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from Franchisor’s gross negligence or willful acts.

12.3.1 At the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that Franchisor will seek the advice and counsel of Franchisee and shall keep Franchisee informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by Franchisor shall in no manner or form diminish Franchisee’s obligation to indemnify Franchisor and to hold it harmless.

12.3.2 All losses and expenses incurred under this Section 12.3 shall be chargeable to and paid by Franchisee pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense.

12.3.3 The Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee holds harmless and indemnifies the Indemnitees for all losses and expenses that arise out of any acts, errors, or omissions of these third parties.

12.3.4 Under no circumstances will the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by the Indemnitees from Franchisee.

12.3.5 It is the intention of the parties to this Agreement that Franchisor shall not be deemed a joint employer with Franchisee for any reason; however, Franchisee will, at Franchisee's sole expense, defend, fully protect, indemnify and hold harmless Franchisor from any and all claims arising in any manner, directly or indirectly, out of or in connection with or incidental to the actions or omissions of Franchisee's employees or independent contractors or allegations that Franchisor are the joint employer of Franchisee's employees.

12.4 Indemnification by Franchisor. Franchisor shall at all times defend, at its own cost, and indemnify and hold harmless to the fullest extent permitted by law, Franchisee, its corporate parent, the corporate subsidiaries, Affiliates, successors, assigns, and designees of either entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: Franchisor's infringement or any other violation of any patent, trademark, or copyright or other proprietary right owned or controlled by third parties; Franchisor's violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander, or any other form of defamation by Franchisor; Franchisor's violation or breach of any warranty, representation, agreement, or obligation in this Agreement; any acts, errors, or omissions of Franchisor or any of its agents, servants, employees, contractors, partners, proprietors, Affiliates, or representatives at the Approved Location. For the purpose of this Section, "losses and expenses" are deemed to include all losses, compensatory, exemplary, or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to Franchisee's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. Franchisor agrees to give Franchisee notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from Franchisee's gross negligence or willful acts.

ARTICLE 13

CONFIDENTIAL INFORMATION

13.1 Non-Disclosure of Confidential Information. Franchisee shall not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any

other person, persons, partnership, association or corporation any confidential information or Know How concerning, as well as the methods of operation of the Franchised Business hereunder which may be communicated to Franchisee, or of which Franchisee may become apprised, by virtue of the operation at the Approved Location under this Agreement. Franchisee will divulge such confidential information only to such of its employees or officers and directors who must have access to it in order to operate the Franchised Business. All information, knowledge and know how, including, without limitation, Franchisor's national accounts (both centralized and non-centralized), materials, equipment, specifications, techniques, and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain through publication or communication by others. Franchisee shall execute the Confidentiality and Non-Competition Agreement attached hereto as **Exhibit B**.

13.2 **Covenants**. Prior to any disclosure of Know How, Franchisee will require all personnel having access to any Know How or confidential information provided by Franchisor, or otherwise playing a role in the solicitation or provision of services to customers, to sign covenants that they will maintain the confidentiality of information they receive in connection with their employment or engagement by Franchisee, in accordance with the form provided as **Exhibit C** hereto. It is expressly understood that Franchisor is designated as a third party beneficiary of such covenants with the independent right to enforce them.

13.3 **Failure to Comply; Injunctive Relief**. Franchisee acknowledges that any actual or threatened failure to comply with the requirements of this **Article 13** will cause Franchisor to suffer immediate and irreparable injury, non-compensable by the payment of mere money damages, permitting Franchisor with or without notice to seek immediate injunctive relief. The losing party agrees to pay all court costs and reasonable attorneys' fees incurred by the prevailing party when Franchisor seeks to obtain specific performance or an injunction against violation of the requirements of this **Article 13**, and succeeds.

ARTICLE 14

COVENANTS NOT TO COMPETE

14.1 **In-Term Covenants**. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable training and confidential information, including, without limitation, information regarding the promotional, operational, sales, and marketing methods and techniques of Franchisor and the System, and that the covenants not to compete set forth below are fair and reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience, and education which afford Franchisee the opportunity to derive income from other endeavors. Franchisee covenants that during the term of this Agreement and for a period of two (2) years thereafter, except as otherwise approved in writing by Franchisor, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

14.1.1 Divert or attempt to divert any member, business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

14.1.2 Knowingly employ or seek to employ any supervisory or managerial personnel who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment; or

14.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) specializing, in whole or in part, in the activities conducted by Franchisee under this Agreement, and any other type of service which Franchisee has rendered under this Agreement and sell any other products and services which Franchisee may be authorized to sell hereunder.

14.2 Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Article 15 of this Agreement, and continuing for two (2) years thereafter (and in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in, or have any interest in any business specializing, in whole or in part, in the activities conducted by Franchisee in the key areas of emergency response clean-up services and mold remediation (a “**Competing Business**”):

14.2.1 Anywhere within Franchisee’s Territory;

14.2.2 Within a twenty-five (25) mile radius from the exterior boundaries of the Territory; or

14.2.3 Within a radius of twenty-five (25) miles of the location of any business using the System and/or the Proprietary Marks, whether franchised, licensed or owned by Franchisor or its subsidiary or Affiliated companies.

14.3 Non-Solicitation Covenant. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, or upon transfer of this Agreement or the Franchised Business pursuant to Article 15 of this Agreement, and continuing for two (2) years thereafter (and in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

14.3.1 Divert or attempt to divert any present or prospective business or customer of any 911 Restoration business to any competitor, by direct or indirect inducement or otherwise,

or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

14.3.2 Employ or seek to employ any person who is at the time employed by Franchisor or by any other franchisee of Franchisor, or otherwise encourage such person to leave his or her employment.

14.4 Violation of Covenants. If Franchisee shall commit any violation of Section 14.2 during the two (2) year period provided for in Section 14.2, in addition to all other remedies available to Franchisor, Franchisee shall pay Franchisor, throughout the twenty-four (24) month period, five percent (5%) of all revenue derived from the operation of the Competing Business, including the sale of any merchandise, other products and services at or from the Competing Business, and all other income of every kind and nature of the Competing Business (“**Post Termination Gross Sales**”) in violation of Section 14.2. Franchisee shall account for and pay the five percent (5%) of the Post Termination Gross Sales to Franchisor on the fifteenth day of each month on the Post Termination Gross Sales of the Competing Business during the previous month. Franchisor shall have the right to audit the books and records of the Competing Business to confirm Franchisee’s compliance with this Section 14.4, upon prior notice to Franchisee.

14.5 Unenforceability. The parties agree that each of the foregoing covenants are construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made part of this Article 14.

14.6 Modification of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 14.1 and 14.2, or any portion thereof, without Franchisee’s written consent, effective immediately upon receipt by Franchisee of written notice. Franchisee agrees that it shall comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of this Article 14.

14.7 Claim is Not a Defense. Franchisee expressly agrees that the existence of any claim that it may have against Franchisor, regardless of whether arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article. Franchisee’s remedies, should Franchisor default, consist of specific performance and damages arising from the default, but such remedies do not constitute a defense to enforcement of this Article 14.

14.8 Injunction. Franchisee acknowledges that any threatened or actual failure to comply with the requirements of this Article would cause Franchisor to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby consents to the *ex parte* entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article. Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

14.9 Covenants from Key Persons. Upon Franchisor's request, Franchisee shall obtain execution of covenants identical in scope to those set forth in this Article (including covenants applicable upon the termination of a person's relationship with Franchisee) and Article 13 from any or all of the following persons:

14.9.1 Any key person employed or engaged by Franchisee who have received training from Franchisor or who has been given access to or otherwise receives knowledge of the Know How;

14.9.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Franchisee, and of any corporation or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation or limited liability company;

14.9.3 The general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership; and

14.9.4 Each covenant required to be signed pursuant to this Section 14.9 shall be on a form supplied by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. The failure by Franchisee to obtain execution of a covenant required by this Section 14.9 shall constitute a default under Section 16.2.

ARTICLE 15

ASSIGNMENT AND RIGHT OF FIRST REFUSAL

15.1 Franchisor's Right to Assign. Franchisor shall have the right to assign this Agreement, and all of its rights and privileges under this Agreement, to any person, firm, corporation or other entity, without any notice to Franchisee, provided any such assignment includes all then current and non-defaulting Franchise Agreements under the System, and contains representations and warranties from the assignee that the assignee has sufficient business experience, aptitude and financial resources to perform Franchisor's obligations under this Agreement.

15.1.1 Franchisee acknowledges and agrees that Franchisor may sell itself, its assets, its Proprietary Marks, Know How, Copyrights, and/or its System to a third party as part of an arm's length sale of all or substantially all of its assets; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and irrevocably waives any claims, demands or damages arising from or related to the loss of Franchisor's name, Proprietary Properties (or any variation thereof) and System and/or the loss of association with or identification of 911 Restoration Franchise Inc. as Franchisor under this Agreement. Franchisee specifically and irrevocably waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and

other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the business of providing emergency clean-up, restoration and mold remediation, or to offer or sell any products or services to Franchisee beyond the duties assumed by the assignee.

15.1.2 Franchisee acknowledges that Franchisor may assign this Agreement as part of a sale, transfer or other disposition of all or part of the System to an entity or entities which engage(s) in similar or competitive businesses provided the assignee assumes all of the duties and obligations hereunder. Franchisee acknowledges that any such successor shall be deemed to possess, in addition to all other rights, those specific rights reserved to Franchisor in Section 3.4 hereof.

15.2 Assignment by Franchisee. To protect the System, the Proprietary Marks, the Copyrights, the Proprietary Properties, Know How and the goodwill associated with the same, neither Franchisee's interest in this Franchise Agreement nor any of its rights or privileges under this Agreement, nor the Franchised Business nor any interest therein, may be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, without the prior written consent of Franchisor, which shall not be unreasonably withheld, and without Franchisee first complying with Section 15.2.1. (The use of the term “**assignment**” encompasses any actual or purported assignment, sale, transfer or other arrangement having the purpose or effect of shifting ownership or control in the Franchised Business.) Any actual or purported assignment of this Agreement or of the Franchised Business in violation of the terms is null and void and constitutes an incurable breach of this Agreement. The actual or purported transfer in the aggregate of more than fifty percent (50%) of the Franchised Business shall be deemed to be an “assignment” under this Agreement.

15.2.1 Franchisor's consent to any assignment is subject to the following conditions:

(a) The proposed assignee must demonstrate that it has the skills, qualifications and economic resources necessary, in Franchisor's reasonable judgment, to conduct the Franchised Business and to fulfill its obligations to Franchisee and to Franchisor and otherwise meets all of Franchisor's qualifications for new franchisees.

(b) The assignee must expressly assume in writing all of the obligations of Franchisee under the most current version of Franchisor's Franchise Agreement in existence at the time of assignment (the “**New Franchise Agreement**”), which will be the prevailing agreement.

(c) As of the date of any such assignment, Franchisee shall have fully complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor.

(d) The assignee must execute the New Franchise Agreement in the form and on the terms and conditions then being offered by Franchisor to franchisees (except that

the assignee shall not be obligated to pay another Initial Franchise Fee, the term of such New Franchise Agreement shall expire on the expiration date of the original, assigned Franchise Agreement, and the Franchise Fee shall remain the same as that contained in the original, assigned Franchise Agreement).

(e) In addition to the transfer fee, the transferee must pay Franchisor's then-current initial training fee in effect at the time of transfer.

(f) Franchisor shall be paid a transfer fee as follows: (i) if Franchisee is transferring its Franchised Business to an existing franchisee of Franchisor then the transfer fee shall be \$2,500; (ii) if Franchisee is transferring its Franchised Business to someone who is not an existing franchisee of Franchisor then the transfer fee shall be \$5,000. If Franchisee is transferring more than one territory to the same buyer then Franchisee shall only be required to pay one transfer fee for all territories. The transfer fee shall be increased by \$10,000 (to \$12,500 or \$15,000) if the buyer / transferee was referred to Franchisee by Franchisor.

(g) The assignee must satisfactorily complete the training then required of all new franchisees, unless otherwise waived by Franchisor, and shall have paid Franchisor's then-current training fee.

(h) Franchisor will be furnished copies of the signed contract between Franchisee and any such assignee and all related documentation in advance of the assignment, and for the prior written approval of Franchisor, which contract shall be contingent upon Franchisor's approval, which shall not be unreasonably withheld.

(i) Franchisee must have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor, its subsidiaries, Affiliates, and designees, and its officers, directors, shareholders and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. At Franchisee's request, Franchisor will sign a general release running in favor of Franchisee having the same scope as the release signed by Franchisee, except for those matters which survive termination.

(j) The assignee shall not be affiliated in any way with a competitor of Franchisor.

(k) The assignee shall, if required to do so by Franchisor, perform any upgrades or updates to the Vehicle and any Franchised Business to conform to Franchisor's then-current requirements.

15.2.2 Upon the death or mental incapacity of any person with any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within nine (9) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Article 15, the executor, administrator, or personal representative of the decedent shall transfer the decedent's

interest to another party approved by Franchisor within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement.

15.2.3 The assignee will have executed a confidentiality and non-compete agreement in the form then required by Franchisor, which form shall be in substantially the same form attached hereto as **Attachment C-1**.

15.3 **Qualified Assignment**. Neither Franchisor's right of first refusal nor the other conditions of Assignment shall apply to a transfer by Franchisee of all of Franchisee's rights under this Agreement to a newly-formed corporation, limited liability company or other business entity provided all of the equity or voting interests of the new business entity are owned by the same owners and in the same proportionate ownership interest as Franchisee (a "**Qualified Assignment**"). Franchisee must obtain Franchisor's prior written consent before completing a qualified Assignment and furnish Franchisor with all documentation Franchisor deems necessary prior to and following the Qualified Assignment.

15.4 **Franchisor's Right of First Refusal**. Franchisee's right to assign, transfer or sell its interest in this Franchise Agreement (voluntarily or by operation of law) and/or the Franchised Business, as provided above, is subject to Franchisor's right of first refusal. (Franchisor maintains the option of waiving this right, in writing.) That is, Franchisor has the right to be offered by Franchisee the opportunity to purchase such interest in the Franchise Agreement and/or the Franchised Business on the terms and conditions which have been offered to and accepted by a bona fide third party in a wholly arms-length transaction. Franchisor's right of first refusal will be exercised in the following manner:

15.4.1 Franchisee shall serve upon Franchisor a written notice setting forth all of the terms and conditions of the proposed assignment specifying the purchase price established by the parties and including reasonably complete information concerning the identity, financial standing and character of the proposed purchaser. Franchisee will attach to the notice a copy of a binding agreement between Franchisee and the proposed purchaser, which agreement is subject to cancellation if Franchisor exercises its right of first refusal or disapproves of the proposed transfer under **Section 15.2**.

15.4.2 Within thirty (30) days after Franchisor's receipt of such notice (or, if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may, at its option, purchase the Franchised Business upon the terms and conditions specified in the notice and the agreement.

15.4.3 If Franchisor elects not to exercise its right of first refusal and consents to an assignment, Franchisee is, subject to the provisions of this **Article 15**, free to assign this Franchise Agreement and/or the Franchised Business to the proposed assignee on the terms and conditions specified in the notice and the agreement. If, however, the terms of the agreement are materially modified after submission to Franchisor, Franchisor has the right to evaluate the modified agreement for an additional thirty (30) days and, if it chooses to do so, exercise its right of first refusal on the modified terms.

15.5 No Right to Pledge. Franchisee does not have the right to pledge, encumber, hypothecate or otherwise give any third party any security interest in this Agreement or in the Proprietary Properties or the Franchised Business in any manner whatsoever without the express written permission of Franchisor, which permission may be withheld at Franchisor's sole discretion. The foregoing does not apply to the lease, financing, or purchase money security interest granted to a lender in connection with the procurement of equipment by Franchisee in the Franchised Business.

ARTICLE 16

DEFAULT AND TERMINATION

16.1 Automatic Termination. Franchisee shall be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee, or any of Franchisee's partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

16.2 Termination Upon Notice – No Right to Cure. Upon the occurrence of any of the following events, Franchisee is deemed to be in default and Franchisor may, in its sole and exclusive discretion, terminate this Agreement and all rights granted hereunder without affording Franchisee any opportunity to cure the default. Termination under this Section shall be effective immediately upon the earlier of the occurrence of any of the following or receipt of notice by Franchisee:

16.2.1 If Franchisee abandons the Franchised Business by failing to operate such business for a period of five (5) consecutive days, or any shorter period after which it is reasonable for Franchisor to conclude that Franchisee does not intend to continue to operate the Franchised Business;

16.2.2 If Franchisee, or any owner or shareholder, director, officer, manager or member of a corporate or limited liability company franchisee, or any partner or officer of a franchisee conducting business as a partnership, is convicted of or pleads no contest to a felony, a fraud, a crime involving moral turpitude or any other crime or offense that is reasonably likely to have an adverse effect on the System, the Proprietary Marks, or the goodwill associated therewith;

16.2.3 If Franchisee makes, or is at any time found or discovered by Franchisor to have made, any material misrepresentation relating to the creation, acquisition or operation of the Franchised Business or engages, or is found or discovered at any time by Franchisor at any time to have engaged, in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business, Franchisor or the System;

16.2.4 If Franchisee fails, for a period of ten (10) days after notification of non-compliance by any duly constituted authority, to comply with any federal, state or local law, regulation or requirement applicable to the operation of the Franchised Business and fails promptly to notify Franchisor of such notification and to satisfy Franchisor of the steps taken to cure any such non-compliance, then Franchisor shall have the right to exercise any or all of the following remedies, in addition to any other remedies available under this Agreement or applicable law: (a) terminate this Agreement and seek liquidated damages as set forth in Section 17.11; (b) assume temporary operation of the franchised business at Franchisee's sole cost and expense until compliance is achieved; (c) impose a Non-Compliance fee per violation; (d) suspend or terminate Franchisee's access to the CRM and dispatch system and lead generation programs; and (e) increase Franchisee's royalty fee to ten percent (10%) of Gross Sales for a period of three (3) months following such repeated non-compliance.

16.2.5 If Franchisee repeatedly fails (i.e., at least three (3) or more times within a twelve (12) month period) to comply with any one requirement of this Agreement, whether or not such failures are ultimately corrected;

16.2.6 If Franchisee's default under this Agreement is by its very nature incapable of being cured;

16.2.7 If Franchisee fails to attend and successfully complete Franchisor's Initial Training Program or fails to attend the annual refresher training course or meeting of franchisees unless such requirement is waived by Franchisor;

16.2.8 If Franchisee opens its Franchised Business without Franchisor approval and/or before Franchisee has successfully completed Franchisor's Initial Training Program;

16.2.9 If Franchisee (or any of its shareholders, directors, officers, managers, members, partners or employees) acquires any interest in a business similar to or competitive with the Franchised Business, except that Franchisee or such other persons may own more than one (1) 911 Restoration Business, subject to the explicit written approval of Franchisor;

16.2.10 If Franchisee engages in the unauthorized use or duplication of any aspect of Franchisor's business, services or products;

16.2.11 If Franchisee engages in the unauthorized use or disclosure of any confidential information or Know How relating to Franchisor, the Franchised Business or the System;

16.2.12 If Franchisee sells, sublicenses, assigns or transfers any interest in this Agreement or the Franchised Business without Franchisor's prior written consent or in violation

of this Agreement, or if Franchisee's representatives fail to nominate a manager for the Franchised Business upon Franchisee's death or disability within the time period required in Section 15.2.2;

16.2.13 If Franchisee violates any covenant not to compete set forth in Article 14 of this Agreement;

16.2.14 If Franchisee misrepresents, substitutes or "palms off" non-authentic services and/or products for or as Franchisor's services and/or products;

16.2.15 If Franchisee maintains false books or records or submits any false reports to anyone;

16.2.16 If Franchisee purports to transfer any rights or obligations under this Agreement or any interest in Franchisee to any third party without Franchisor's prior written consent or otherwise in violation of the terms of this Agreement;

16.2.17 If Franchisee violates any state or federal law or ordinance that in any manner relates to or impacts upon the provision of or ability to provide any of the services that Franchisee is required to offer and provide hereunder by the Franchised Business as an entity, or by any individuals who exercise any level of dominion or control over the operations of the Franchised Business, including, without limitation, a conviction based upon such a violation, allegation or charge of such violation without explanation that Franchisor shall deem to be reasonably satisfactory, or failure on Franchisee's part to inform Franchisor of the existence of, threat of, charge or allegation of, or conviction of such violation;

16.2.18 If Franchisee or any of Franchisee's owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, violates any Anti-Terrorism Law or Franchisee or any of Franchisee's owners otherwise violate any such law, ordinance, or regulation;

16.2.19 If Franchisee fails to commence the operation of the Franchised Business within the time provided in this Agreement; or

16.2.20 If Franchisee fails to comply with any other provision or requirement of this Agreement or the Manual after written notice and an opportunity to cure, under Section 16.3.

16.3 Notice of Termination – Right to Cure. Except as provided in Sections 16.1 and 16.2 of this Agreement, Franchisee has ten (10) days (for monetary defaults) and thirty (30) days (for non-monetary defaults) from receipt from Franchisor of a written notice of termination in which to remedy the default (or, if the default cannot reasonably be cured within such period, to initiate within that time substantial and continuing action to cure the default) and to provide evidence thereof to Franchisor. If any default is not cured within that time (or if substantial and continuing action to cure the default is not initiated within that time), or such other period as applicable law may require, Franchisor may terminate this Agreement upon notice to Franchisee. Defaults under this Section include the occurrence of any of the following events:

16.3.1 If Franchisee fails, refuses or neglects promptly to pay when due any monies owed to Franchisor (or its Affiliates, subsidiaries or designees) or fails, refuses or neglects

promptly to submit financial or other information required by Franchisor under this Agreement, or makes any false statements in connection therewith;

16.3.2 If Franchisee fails to maintain and operate the Franchised Business in accordance with the provisions or requirements of this Agreement or the Manual;

16.3.3 If Franchisee fails to obtain Franchisor's prior written approval or consent where the same is required pursuant to this Agreement;

16.3.4 If Franchisee misuses, or uses in an unauthorized manner, any of Franchisor's Proprietary Marks, Know How, Copyrights or materially impairs the goodwill associated therewith or Franchisor's rights therein;

16.3.5 If Franchisee participates in any business or in the marketing of any service or product under a name or mark which, in Franchisor's reasonable opinion, is confusingly similar to or a colorable imitation of any of the Proprietary Marks;

16.3.6 If Franchisee offers or sells, as part of the Franchised Business, any unapproved good or service or fails to offer or provide on a regular basis all goods and services which comprise part of the System;

16.3.7 If Franchisee, by act or omission, permits a violation of any law, ordinance, rule or regulation of any governmental entity to remain uncorrected in the absence of a good faith dispute over its applicability or legality and without promptly resorting to an appropriate administrative or judicial forum for relief therefrom; or

16.3.8 If Franchisee fails to obtain and maintain all required insurance policies or fails to name Franchisor as an additional insured thereunder in accordance with the terms of this Agreement.

16.4 Cross Default. Any default by Franchisee (or any person/company Affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Affiliate of Franchisee). Any default by Franchisee (or any person/company Affiliated with Franchisee) under any other agreement, including, but not limited to, an area development agreement, any lease and/or sublease, between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any person/company Affiliated with Franchisee), and any default by Franchisee (or any person/company Affiliated with Franchisee) under any obligation to Franchisor (or any Affiliate of Franchisor) may be regarded as a default under this Agreement. Any default by Franchisee (or any person/company Affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any Affiliate of Franchisor and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any Affiliate of Franchisor) and Franchisee (or any Affiliate of Franchisee). In each of the foregoing cases, Franchisor (and any Affiliate of Franchisor) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any person/company Affiliated with Franchisee) and Franchisor's (and/or Franchisor's Affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or

remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

16.5 Amendment Pursuant to Applicable Law. Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by Franchisor that the grounds for termination set forth in this Agreement do not constitute "**good cause**" for termination within the meaning ascribed to that term by any applicable law or regulation. Franchisor is not precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

16.6 Franchisor's Right to Discontinue Services to Franchisee. If Franchisee is in breach of any obligation under this Agreement, and Franchisor has delivered to Franchisee written notice of such breach pursuant to this Article 16, Franchisor shall have the right to suspend performance of some, any or all of Franchisor's obligations under this Agreement, including Dispatch Center Programs, and the right to notify suppliers, other franchisees and others to reduce or suspend services. Franchisee agrees that the foregoing shall be deemed not to constitute termination of this Agreement, but only suspension or reduction of services pursuant to and in accordance with this Agreement, to mitigate damages arising from or relating to the breach and to provide time and/or other facilitation to cure such breach.

ARTICLE 17

FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

17.1 Discontinuance of Use of Proprietary Properties. To protect the System, the Proprietary Marks, the Copyrights, the Proprietary Properties, Know How and the goodwill associated with the same, Upon the termination or expiration of this Franchise Agreement, Franchisee shall forthwith discontinue the use of the Proprietary Marks, Know How, Copyrights and Manual, and Franchisee will not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that it is in any manner Affiliated with Franchisor or a "911 Restoration" business, or any business similar thereto, or any words, phrases or logo's confusingly similar thereto or colorable imitations thereof, and Franchisee shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's confidential information, knowledge or Know How concerning the operation, products, services, trade secrets, procedures, policies, techniques or materials or customers acquired by Franchisee by virtue of the relationship established by this Agreement, including the following:

17.1.1 Standards, specifications or descriptions of Franchisor's products and services;

17.1.2 The Manuals and any supplements thereto;

17.1.3 Any forms, advertising matter, marks, devices, signs, insignia, slogans or designs used from time to time in connection with the Franchised Business;

17.1.4 Any copyrights, Proprietary Marks, trade names, and patents now or hereafter applied for or granted in connection therewith, or any marks, logos, words, or phrases confusingly similar thereto or colorable imitations thereof;

17.1.5 Any internet website, domain name, uniform resource locator and associated listings under the name “911 Restoration” or any similar designation or listing which relates to the Franchised Business; and

17.1.6 Any telephone number listed in any telephone directory under the name “911 Restoration” or any similar designation or directory listing which relates to the Franchised Business; and

17.1.7 Any and all of the systems, procedures, techniques, criteria, concepts, designs, advertising and promotional techniques, products or service specifications, and all other components, specifications and standards which comprise (or in the future may comprise) part of the System.

17.2 Cancellation of Assumed Names. Upon termination or expiration of this Agreement, Franchisee will take such action as may be necessary to cancel any assumed name or equivalent registration which contains any name or mark identical or similar to “911 Restoration” or any other name, trademark or service mark of Franchisor, or colorable imitations thereof, and Franchisee shall furnish Franchisor with proof of discharge of this obligation within thirty (30) days following the termination or expiration of this Agreement.

17.3 Franchisor as Attorney-In-Fact. Franchisor may, if Franchisee fails or refuses to do so, sign in Franchisee’s name and on Franchisee’s behalf any and all documents necessary to cause discontinuation of Franchisee’s use of the name “911 Restoration” or any other related or similar name or use thereunder, and Franchisor is irrevocably appointed by Franchisee as Franchisee’s attorney-in-fact to do so.

17.4 Survival of Obligations. The expiration or termination of this Franchise Agreement shall be without prejudice to the rights of one party against the other party, and such expiration or termination shall not relieve a party of any of its obligations to the other party existing at the time of expiration or termination or terminate those obligations of a party which by their nature survive the expiration or termination of this Agreement.

17.5 Telephone Numbers and Listings, and Franchisor Websites and Listings. Upon termination or expiration of this Agreement, Franchisee shall cease and desist from using any telephone number(s) listed in any telephone directory under the name “911 Restoration” or any other name similar thereto, as well as any internet website, domain name, uniform resource locator or internet listing, whether established in compliance with this Agreement or not, and, upon Franchisor’s demand, shall direct the telephone company and internet service provider servicing the Franchised Business to transfer said telephone number(s), listings, website, domain name, uniform resource locator and/or internet listing(s) to Franchisor, or to such other person or persons at such location or locations as Franchisor shall direct. Franchisee shall not be entitled to any

compensation from Franchisor if Franchisor exercises this option. Franchisee shall likewise cease and desist from using (or renewing the listing for) any Franchisor Websites, advertising, domain names or the like under the name “911 Restoration” or any other name similar thereto, whether or not established in compliance with this Agreement, and upon Franchisor’s demand shall direct the appropriate companies to transfer said Franchisor Websites, advertising, domain names and the like to Franchisor or to such other person or persons as Franchisor shall designate. Franchisee agrees to execute the forms of agreement Franchisor requires to accomplish the purposes of this Section 17.5.

17.6 Payment of Monies Owed. Upon termination or expiration of this Agreement, Franchisee will promptly pay all sums owing to Franchisor (and its subsidiaries, Affiliates or designees). In the event of termination based upon a default of Franchisee, such sums shall include all damages, costs and expenses (including actual attorneys’ fees) incurred by Franchisor as a result of the default. The obligation created under this Section shall give rise to and remain, until paid in full, a first-priority lien in favor of Franchisor against any and all assets, property, and interests owned by Franchisee and, if Franchisee is a business entity, by each of Franchisee’s owners, shareholders, members, partners or other equity holders (collectively, “**Owners**”) at the time of default, including but not limited to: (i) all business-related assets such as personal property, furnishings, equipment, signs, inventory, and fixtures; (ii) all real property, including Franchisee’s primary residence and any other real estate holdings; (iii) all personal assets and property of any kind; and (iv) any other assets or interests of any nature whatsoever. Franchisee and, if Franchisee is a business entity, each Owner hereby expressly consents to and authorizes Franchisor to file any and all necessary documentation, including UCC financing statements and real property liens, to perfect such lien rights.

17.7 Final Payments.

17.7.1 Within 5 business days following expiration or termination of this Agreement, Franchisee must pay Franchisor a final payment in an amount calculated as the product of Franchisee’s Accounts Receivable (defined below) as of the date of expiration or termination, multiplied by 70%, multiplied by the aggregated rate of Franchisee’s Royalty Fee and National Advertising Fund Contribution as of the date of termination or expiration, as applicable. Such amount is payable in lieu of the Royalty Fees and National Advertising Fund Contributions that would otherwise be payable on Gross Revenue after the date of expiration or termination. The parties acknowledge and agree that such payment represents a reasonable estimation of future Gross Revenue on Franchisee’s Accounts Receivable as of the date of expiration or termination, and is not a penalty. “**Accounts Receivable**” for purposes of this provision means any and all outstanding revenue due to Franchisee for services performed by the Franchised Business.

17.7.2 To secure payment of the final payments described in this Section and all other amounts due under this Agreement, Franchisee hereby grants to Franchisor a security interest in, and collaterally assigns to Franchisor all of Franchisee’s rights and interests to, Franchisee’s Accounts Receivable and the proceeds thereof. If Franchisor exercises Franchisor’s rights under this Section, Franchisor will have the exclusive right to contact Franchisee’s customers for collection purposes, and do all other things appropriate or necessary to collect the Accounts Receivable. Franchisor will have the right to retain from collected amounts any applicable Royalty Fees and National Advertising Fund Contributions due and owing thereon, and to reimburse

Franchisor and Franchisor's affiliates and representatives, all collection costs including collection agency fees, attorneys' fees, and court costs. Franchisor will remit any balance in excess of such retained amounts to Franchisee within 30 days of collection.

17.8 Compliance with Post-Term Covenants. Upon termination or expiration of this Agreement, Franchisee will comply with the post-term covenants not to compete set forth in Article 14.

17.9 Franchisor's Option to Purchase. Upon termination or expiration of this Agreement for any reason whatsoever, Franchisor or its designee has the option (but not the obligation) for a period of sixty (60) days from such termination or expiration to purchase all of Franchisee's right, title and interest in the Franchised Business (including, without limitation, inventory and supplies and Vehicles); however, that Franchisor may purchase select assets of the Franchised Business in Franchisor's discretion. If Franchisor or Franchisor's designee elect to exercise this right to purchase, it will be for a purchase price (the "**Purchase Price**") equal to the lesser of: (i) the depreciated book value of certain tangible assets in place and owned by Franchisee as of the date of Franchisor's (or Franchisor's designee's) exercise of such option, based on a straight-line depreciation method; or (ii) the fair market value of all such assets as determined by the application of generally accepted accounting principles less the total of (a) the amount of any indebtedness remaining against or secured by any such assets; (b) the amount of any indebtedness or obligation owed by Franchisee to Franchisor, its Affiliates, subsidiaries or designees; (c) the amount of any indebtedness or obligation for which Franchisee or the Franchised Business is liable (directly or indirectly, contingently or otherwise) and for which Franchisor is or may become liable (directly or indirectly, contingently or otherwise) upon acquiring the Franchised Business or otherwise; and (d) all amounts advanced by Franchisor, or which Franchisor has paid, or which Franchisor has become obligated to pay, on behalf of Franchisee for any reason whatsoever (including, without limitation, interim sums required to be advanced for operations prior to the date of Franchisor's (or its designee's) exercise of the option granted hereunder).

17.9.1 If the parties cannot agree upon the Purchase Price within a reasonable time, an independent appraiser will be designated by the parties, and its determination of the Purchase Price will be binding on the parties. The cost of the appraisal will be split between Franchisee and Franchisor.

17.9.2 If Franchisor exercises its option to purchase the Franchised Business under this Section, the Purchase Price shall be payable as follows:

(a) Twenty percent (20%) of the Purchase Price will be paid at the closing of the purchase transaction by bank or certified check.

(b) The balance of the Purchase Price will be paid over a period of three (3) years in equal monthly installments, the first monthly installment being made on the tenth day of the month following the month in which the initial payment is made. The obligation to make monthly installment payments shall be evidenced by a series of thirty-six (36) negotiable promissory notes of Franchisor payable to the order of Franchisee, each bearing interest from the date of the closing at the published "**Prime Rate**" charged by JPMorgan Chase Bank (or comparable), New York, New York, to its most substantial commercial customers and containing

provisions to the effect that should any note be unpaid for more than ten (10) days after written notice of default, the remaining notes shall forthwith become due and payable without any further notice; provided, however, that Franchisor or any holder in due course shall have the right at any time after the calendar year in which the closing takes place to prepay the notes in multiples of \$1,000 in inverse order of maturity, together with interest to the date of payment.

17.9.3 If Franchisor exercises its option to purchase the Franchised Business under this Section, Franchisee agrees fully to cooperate in effectuating the transaction and undertakes to use its best efforts to provide Franchisor and its designees with all data and documentation as reasonably may be required to give effect to the purposes of this Section and Subsection.

17.9.4 In the event Franchisor does not elect to exercise the foregoing option to purchase the Franchised Business, Franchisee will immediately return to Franchisor all materials which bear any of the Proprietary Marks, trade names or copyrighted material. To the extent that Franchisor may make use of these materials, Franchisor will pay to Franchisee, Franchisee's documented and verified costs for those useful materials. Franchisee will destroy any and all materials not otherwise required to be returned to Franchisor in accordance with this Agreement or the Manual. Contemporaneously, Franchisee will return to Franchisor all copies in its possession of materials and documents (including, among other things, the Manual, corporate records and files, correspondence, brochures, agreements, and disclosure statements) relating to the grant or operation of the Franchised Business.

17.10 Interim Operations.

17.10.1 Franchisor has the right but not the obligation to operate the Franchised Business on an interim basis, or to appoint a third-party to operate the Franchised Business on an interim basis if: (1) Franchisee abandons or fails actively to operate the Franchised Business; or (2) the Franchise Agreement expires or is terminated and Franchisor is transitioning the Franchised Business' operations to Franchisor or another person Franchisor designates, or is determining whether to do so.

17.10.2 If Franchisor elects to operate the Franchised Business on any interim basis, Franchisee must cooperate with Franchisor or its affiliates' designees, continue to support the operations of the Franchised Business, and comply with all of Franchisor's instructions and System standards, including making available any and all books, records, and accounts. Franchisee understands and acknowledges that during any such interim period, Franchisee is still the owner of the Franchised Business, and Franchisee continues to bear sole liability for any and all accounts payable, obligations, and/or contracts, including all obligations under any lease and all obligations to Franchisee's vendors and employees and contractors, unless and until Franchisor expressly assumes them in connection with the purchase of the Franchised Business. Franchisee understands that Franchisor is not required to use Franchisee's employees, vendors, or accounts to operate the Franchised Business. Franchisee also agrees that Franchisor may elect to cease such interim operations of the Franchised Business at any time with notice to Franchisee.

17.10.3 All funds from the Franchised Business' operation while Franchisor or its designee operate it will be accounted for separately, and all expenses will be deducted from that amount including any applicable Royalty Fee, National Advertising Fund Contributions, and other

amounts due to Franchisor or its Affiliates, and Franchisor's then-current fee for interim services, plus Franchisor's or its Affiliates' designee's direct out-of-pocket costs and expenses. If Franchisor or its Affiliates' designee operate the Franchised Business on an interim basis, Franchisee acknowledges that Franchisor or its Affiliates' designee will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses, or obligations the Franchised Business incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Franchised Business' purchases, while Franchisor or its Affiliates' designee manage it.

17.10.4 Franchisor's decision to operate the Franchised Business on an interim basis, will not affect its right to terminate this Agreement. Franchisee's indemnification obligations set forth in this Agreement will continue to apply during any period that Franchisor or its designee operate the Franchised Business on an interim basis.

17.11 No Right to Proprietary Properties. Upon expiration or termination, Franchisee shall immediately discontinue the use of each and every aspect of the Proprietary Properties, including the Proprietary Marks and trade dress, and Know How, and thereafter shall no longer use or have the rights to use the Proprietary Properties, or any colorable or confusingly similar variations thereof, or any word, logo or figure similar to the Proprietary Marks, or Know How. In the event of any litigation between the parties hereto with respect to the subject matter hereof, the party in any such litigation in whose favor a judgment is entered shall be entitled to have and recover, and the other party agrees to pay, its reasonable attorney's fees, court costs, collection fees and expenses, with interest, in addition to any award to which the prevailing party may be otherwise entitled.

17.12 Use of Franchisee's Equipment. Upon expiration or termination of this Agreement, Franchisee recognizes and agrees that Franchisor will of necessity require that the System be employed in the Territory for the provision of services to customers. Accordingly, Franchisee permits the use of any and all of Franchisee's equipment and personnel by Franchisor or its designee to provide such services, at reasonable expense.

17.13 Liquidated Damages. If Franchisor terminates this Agreement due to a material default of the Agreement in the manner specified in Article 16 of this Agreement, Franchisee must pay to Franchisor within thirty (30) days from the effective date of termination liquidated damages equal to the greater of (x) the average value of the Royalty Fees and National Advertising Fund fees that Franchisee paid or owed (per month), not less than the minimum Royalty Fees and National Advertising Fund contributions required under this Agreement, to Franchisor during the twelve (12) months before the termination multiplied by (i) twenty-four (24), being the number of months in two (2) full years; or (ii) the number of months remaining during the term of this Agreement had it not been terminated, whichever is lower. In the event that Franchisee failed to report Royalty Fees during the twelve (12) months before the termination, or any lesser period within that twelve (12) months, or underreported Royalty Fees or had reduced Royalty Fees due to Franchisee's breach of the Agreement, including without limitation abandoning the Agreement in whole or part or operating a competing business, then Franchisor can determine in its sole discretion the amount of Royalty Fees that Franchisee should have paid or owed, had it not been in breach of the Agreement in the manner specified herein, and may use this amount instead for determining liquidated damages. The parties hereto acknowledge and agree that it would be

impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages. This liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 18

MODIFICATION OF SYSTEM

18.1 Compliance with System Modifications. Franchisee understands and agrees that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of Franchisor, Franchisee, and the network of all other franchisees. Franchisee agrees to promptly implement any modifications or changes to the System as directed by Franchisor. Accordingly, Franchisee expressly understands and agrees that Franchisor may, from time to time, change the components of the System including altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which Franchisee's Franchised Business is authorized and required to offer modifying or substituting entirely the building, premises, vehicles, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Properties. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations under this Agreement. Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was signed.

18.2 No Liability for System Modifications. Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

18.3 Franchisor's Business Judgment. Franchisee acknowledges and agrees that Franchisor may operate and make changes to its business, standards, specifications and any other aspects impacting Franchisee, in any way that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold action, or to grant or decline to grant Franchisee a right or to take or withhold action, or to approve or consent or withhold approval or consent, or to have a role or involvement in dispatch, leads assignment or other assignment or allocation of work or resources, Franchisor may make the decision or exercise the right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's or the brand's best interest, including without limitation Franchisor's judgment of what is in the best interest of its system of franchisees, without regard to whether: (a) other reasonable alternative decisions or actions, or arguably preferable alternative decisions or actions, could have been made; (b) Franchisor's decision or the action taken or withheld promotes Franchisor's financial or other interest; (c) the decision or action applies differently to Franchisee and one or more other franchisees; or (d) the decision or exercise of Franchisor's right or discretion is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. Any covenant of good faith and fair dealing that may be implied in this Agreement shall not imply rights or obligations inconsistent with a fair construction of the terms of this Agreement; this Agreement is intended to reserve and grant Franchisor a wide range of discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations. In no event will Franchisee make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any granting, withholding or delaying or the like of any consent or approval by Franchisor. Franchisee's sole remedy for any such claim is to request a review of the action or decision, approval, consent or withholding thereof, and the like, and to request that have Franchisor be directed in the future to make or take a different action or decision, approval, consent or withholding thereof, or the like, but always under the standards and ranges and bases of Franchisor's wide discretion as provided for above.

ARTICLE 19

GENERAL PROVISIONS

19.1 Sums of Money. All references in this Agreement to sums of money shall be deemed to refer to lawful money of the United States of America.

19.2 Severability. Except as otherwise stated in this Agreement, each provision of this Agreement, and any portion of any provision, is severable and the remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting Franchisee's competitive activities is deemed unenforceable, Franchisee and Franchisor agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement is deemed automatically modified to comply with governing law if such law requires: (a) a greater time period for notice of the termination of, or refusal to renew, this Agreement; or (b) the taking of some other action not described in this Agreement. Franchisor may modify any invalid or unenforceable provision to the extent required to be valid and enforceable and Franchisee will be bound by the modified provisions.

19.3 Waiver. A party's waiver of any breach(es) under this or any other agreement (whether by failure to exercise a right available, failure to insist on strict compliance with the terms of any agreement, development of a custom or practice which is at variance with the terms of any agreement, acceptance of partial or other payments or otherwise), will not affect the party's rights with regard to any breach by the other party or anyone else. The rights and remedies provided in this Agreement are cumulative and neither party will be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

19.4 Acknowledgments. Franchisee and Franchisor agree that there does not exist any fiduciary, trust or similar relationship between Franchisee and Franchisor, that the relationship between Franchisee and Franchisor is a normal commercial relationship between independent businesspeople intended for mutual but independent economic benefit and is not in any sense nor is intended to be a fiduciary, trust or similar relationship.

19.4.1 Franchisee acknowledges that it and each of its owners (if Franchisee is a corporation, limited liability company or partnership) and investors has read this Agreement and Franchisor's Disclosure Document and all exhibits and that Franchisee and its owners understand and accept the terms, conditions, and covenants contained in this Agreement as being necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at all "911 Restoration" businesses and to protect and preserve the goodwill of the Proprietary Marks and the System.

19.4.2 Franchisee understands that Franchisor is relying on Franchisee to bring forward in writing at this time any matters inconsistent with any of the matters set forth in this Article or otherwise so that Franchisor can correct any misunderstandings and Franchisee agrees that if any of the statements or matters set forth in this Article or otherwise are not true, correct and complete, Franchisee will make a written statement regarding such next to Franchisee's signature below so that Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

19.4.3 Franchisee acknowledges and agrees that in all of its dealings with Franchisor, the officers, directors, employees, and agents of Franchisor act only in a representative capacity and not in an individual capacity. Franchisee further acknowledges that this Agreement, and all business dealings between Franchisee and such individuals as a result of this Agreement, are solely between Franchisee and Franchisor. Franchisee further represents to Franchisor, as an inducement to Franchisor's entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the Franchised Business.

19.5 Notices. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery, by certified mail or by email with confirmation of receipt to email addresses designated in writing by each party. Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; or (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid. Notices and demands shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

To Franchisor: 911 Restoration Franchise Inc.
7721 Densmore Avenue
Van Nuys, CA 91406
Attn: President

To Franchisee: _____

Attn: _____
Fax: _____

Either party may change its address for notice purposes by giving the other party written notice of such change.

19.6 Gender. Reference to Franchisee as any particular gender or no gender shall include each other gender or no gender, general or limited partnership, joint venture, corporation, limited liability company, trust, or any other association or business entity, as relevant in the context.

19.7 Headings. Headings and captions in this Agreement are for convenience of reference only and shall not be taken into account in construing or interpreting this Agreement.

19.8 References. Any reference in this Agreement to any paragraph or other part of this Agreement shall be deemed to include a reference to every subordinate part and/or subparagraph.

19.9 Delays in Performance. It is acknowledged and agreed by both parties that any delay in the performance of its obligations under this Agreement would irreparably and irrevocably injure the other party in the conduct of its business and the value of its property. The parties agree that time is of the essence of this Agreement. Except as otherwise specifically permitted in this Agreement, no extension of time shall be implied, nor any delay allowed, in the timely and complete performance of all covenants contained in this Agreement.

19.10 Independent Investigation and Further Acknowledgments. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by the Franchisor in the latest Franchise Disclosure Document that was furnished to the Franchisee by the Franchisor.

19.10.1 Franchisee warrants that it has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, agents, franchisees, or servants about the business contemplated by this Agreement, or the past, present, or future volume, profits, sales, costs of doing business, or success of Franchisor or any other franchisee that are contrary to the terms of this Agreement or the documents incorporated in this Agreement, and further represents to Franchisor, as an inducement to its entry into this Agreement, that Franchisee has made no misrepresentations in obtaining this Agreement.

19.10.2 Franchisee acknowledges that it has received, read and understands this Agreement and the exhibits to this Agreement, that Franchisee has had an opportunity to review such agreements with its own legal counsel, that Franchisor has fully and adequately explained the provisions of each to its satisfaction, and Franchisor has accorded it ample time and opportunity

to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

19.10.3 Franchisee is aware of the fact that some present or future franchisees of Franchisor may operate under different forms of Agreements and, consequently, that Franchisor's obligations and rights in respect to its various franchisees may differ materially in certain circumstances. This fact will not be used to unfairly discriminate against Franchisee.

19.11 Resolution of Conflicts. The parties are urged, but are not required, to discuss and seek resolution of any conflicts that may arise under this Agreement prior to resorting to litigation. The foregoing notwithstanding, in any instance in which Franchisor demonstrates by affidavit evidence to a court of competent jurisdiction that it will suffer immediate and irreparable injury as a consequence of Franchisee's violation of this Agreement, then Franchisee agrees to the entry of *ex parte* injunctive relief.

19.12 Provisions are Self-Executing. Each provision of this Article and those provisions in this Agreement relating to covenants against post-termination/expiration use of the Proprietary Marks, Know How, and Copyrights will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, and will survive and will govern any claim for rescission or otherwise. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

19.13 Acceptance of Agreement. This Agreement becomes valid and enforceable only when it is duly signed by both parties and accepted by Franchisor at its headquarters.

19.14 Binding Effect; No Modification. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest. Any modification to this Agreement will not be effective unless it is in writing and signed by both parties.

19.15 Construction. Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Except where this Agreement expressly provides otherwise, Franchisor has the right to condition, withhold and/or refuse, in its sole and absolute discretion, any request by Franchisee and Franchisor's approval of, or consent to, any action or omission by Franchisee. The headings of the several articles and sections hereof are for convenience only and do not define, limit, or construe the contents of such articles or sections. The term "**attorneys' fees**" will include, without limitation, legal fees, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand or claim, action, hearing or proceeding to enforce the obligations of this Agreement. References to a "**controlling interest**" in Franchisee will mean more than fifty percent (50%) of the voting control of Franchisee if Franchisee is a corporation or limited liability company, and any general partnership interest if Franchisee is a partnership. The term "**Franchisee**" as used herein is applicable to one or more persons, a corporation, limited liability company or a partnership, as the case may be. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Franchisee under this

Agreement, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several. This Agreement will be executed in multiple copies, each of which will be deemed an original. Each of the provisions of this Article shall apply to any claim brought (or which could be brought) by any principal of Franchisee or by or on Franchisee's behalf.

19.16 Franchisee Will Not Withhold Sums. Even if Franchisee believes in good faith that Franchisor or any other person/entity has violated any legal duty to Franchisee, Franchisee shall not withhold any sums due Franchisor, any Affiliate or any advertising contribution. Any dispute regarding such alleged violation shall be resolved in accordance with the dispute resolution procedures outlined in this Agreement.

19.17 Governing Law. The parties agree that this Agreement, including all exhibits and related matters, will be governed by and construed in accordance with the internal laws of the State in which the Franchisee's principal business address is located. If any provision of this Agreement is impermissible under a governing law, it will be amended to conform to that law while maintaining, to the maximum extent possible, the original intent of the provision. If such amendment cannot substantially maintain the original intent, the provision will be deemed deleted. Franchisee's obligations under this Agreement supplement, rather than supersede, the obligations imposed by the laws of the State in which the Franchisee operates and the United States of America.

19.18 Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits.

ARTICLE 20 **DISPUTE RESOLUTION**

20.1 Arbitration. Except as otherwise provided in this section, any controversy or dispute arising out of or relating to the franchise or this Agreement including, but not limited to, any claim by Franchisee or any person in privity with or claiming through, on behalf of or in the right of Franchisee concerning the entry into, performance under or termination of this Agreement or any other agreement entered into by Franchisor, or its subsidiaries or Affiliates, and Franchisee, any claim against a past or present employee, officer, director or agent of Franchisor, any claim of breach of this Agreement, and any claims arising under state or Federal laws shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Persons in privity with or claiming through, on behalf of or in the right of Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. Subject to this Section, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the

American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held within five (5) miles of Franchisor's headquarters. However, arbitration will not be used for any dispute which involves Franchisee's continued usage of any of the Proprietary Properties or the System, business concept or any issue involving injunctive relief against Franchisee or any issues related to disclosure or misuse of confidential information, all of which issues will be submitted to a court within the State of California. The parties expressly consent to personal jurisdiction in the State of California and agree that such court(s) will have exclusive jurisdiction over any such issues not subject to arbitration.

20.1.1 The arbitration shall be conducted before one (1) arbitrator selected in accordance with the commercial arbitration rules of the American Arbitration Association then in effect. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The prevailing party shall be entitled to actual costs and attorney's fees incurred in any such arbitration. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

20.1.2 Parties to arbitration under this Agreement shall not include, by consolidation, joinder or in any other manner, any person other than Franchisee and any person in privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor, unless both parties consent in writing. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between Franchisor and Franchisee or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Franchisor.

20.1.3 The parties agree that any arbitration arising out of a dispute relating to this Agreement is only a matter between Franchisor and Franchisee and no other franchisees. Franchisee agrees not to join or attempt to join other franchisees.

20.2 Prior Notice of Claims by Franchisee. Prior to Franchisee taking any legal or other action against Franchisor, whether for arbitration, damages, injunctive, equitable or other relief (including but not limited to rescission) and whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise, based on any alleged act or omission of Franchisor, Franchisee will first give Franchisor sixty (60) days' prior written notice and opportunity to cure such alleged act or omission.

20.3 Periods In Which to Make Claims.

20.3.1 The parties agree that, except as provided below, no arbitration proceeding, action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by Franchisee against any person and/or entity Affiliated with Franchisor), whether for damages,

rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless such party will have commenced such arbitration proceeding, action or suit before the expiration of the earlier of:

(a) One hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

(b) One (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

20.3.2 Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern.

20.3.3 The foregoing limitations may, where brought into effect by Franchisor's failure to commence an action within the time periods specified, operate to exclude Franchisor's right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent Franchisor from terminating Franchisee's rights and Franchisor's obligations under this Agreement as provided herein and under applicable law nor prevent Franchisor from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

20.3.4 The foregoing limitations shall not apply to Franchisor's claims arising from or related to: (1) Franchisee's under-payment or non-payment of any amounts owed to Franchisor or any Affiliated or otherwise related entity; (2) indemnification by Franchisee; (3) Franchisee's confidentiality, non-competition or other exclusive relationship obligations; and/or (4) Franchisee's unauthorized use of the Proprietary Properties.

20.4 Withholding Consent. In no event will Franchisee make any claim, whether directly, by way of setoff, counterclaim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by Franchisor. Franchisee's sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order Franchisor to grant such consent.

20.5 Survival and Construction. Each provision of this Article 20, together with the provisions of Article 19, will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

20.6 Costs and Legal Fees. If Franchisor is required to enforce its rights under this Agreement (whether or not formal judicial proceedings are initiated), Franchisee shall reimburse Franchisor for its costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, Franchisor incurs. If Franchisor is required to engage legal counsel in connection with any failure by Franchisee to comply with this Agreement, Franchisee shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

20.7 Bankruptcy Costs and Attorneys Fees. In the event of a bankruptcy filing by or against Franchisee, to the fullest extent permitted by applicable bankruptcy law, Franchisee shall be liable to Franchisor for all costs, expenses, and attorneys' fees incurred by Franchisor in connection with the bankruptcy proceedings, including but not limited to costs related to relief from stay motions, assumption or rejection of the franchise agreement, adequate protection proceedings, and plan confirmation proceedings.

20.8 Franchisor's Limitation on Damages.

20.8.1 FRANCHISOR AND ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS SHALL NOT BE LIABLE TO FRANCHISEE OR ITS OWNERS FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE WHETHER OR NOT THE CLAIMED OR ACTUAL LOSS OR DAMAGE IS CAUSED BY ANY FAULT OR NEGLIGENCE OF FRANCHISOR, ITS EMPLOYEES, AGENTS OR CONTRACTORS OR CAUSED BY ANY FAULT OR NEGLIGENCE OR ANY ACT(S) OR OMISSION(S) OF ANY FRANCHISEE(S) AND WHETHER OR NOT FRANCHISOR WAS INFORMED OR NOTIFIED OF THE POSSIBILITY OF THE LOSSES OR DAMAGES. THIS EXCLUSION OF LIABILITY FOR SPECIAL, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE IS INTENDED TO APPLY TO DAMAGE OR LOSS OF A COMMERCIAL NATURE SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR PROFIT, COST OF CAPITAL, LOSS OF USE OF EQUIPMENT OR FACILITIES, HARM OR DAMAGE TO REPUTATION, OR CLAIMS OF CUSTOMERS DUE TO LOSS OF OR DEFICIENCY IN SERVICE.

20.8.2 FRANCHISOR'S LIABILITY FOR INDEMNIFICATION UNDER SECTION 12.4 OR OTHERWISE, AND/OR ANY OR ALL OTHER OBLIGATIONS AND LIABILITIES UNDER OR RELATED TO THIS AGREEMENT SHALL NOT EXCEED THOSE AMOUNTS PAID TO FRANCHISOR BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT FOR ANY AND ALL CLAIMS FOR INDEMNIFICATION, CURE, LOSS, DAMAGE, DISGORGEMENT, REFUND, REIMBURSEMENT, REPLACEMENT OR OTHERWISE, OF ANY AND EVERY KIND AND NATURE, WHETHER AT LAW OR EQUITY OR STATUTORY OR OTHERWISE (ALSO INCLUDING CONSEQUENTIAL AND ALL OTHER FORMS OF DAMAGES) ALSO INCLUDING BUT NOT LIMITED TO PERSONAL INJURY, LOSS OR DAMAGE TO PROPERTY AND/OR REPUTATION DUE TO FRANCHISOR'S NEGLIGENCE, BREACH OR OTHERWISE, AND/OR ANY AND EVERY

OTHER KIND OF RECOVERY OR LIABILITY. THE LISTING OF EXAMPLES IN THIS PARAGRAPH DOES NOT IMPLY THAT ANY TYPE OF LIABILITY STATED IN THE EXAMPLE(S) IS AVAILABLE UNDER ANY PROVISION OF THIS AGREEMENT OR OUTSIDE THIS AGREEMENT; THIS PARAGRAPH IS INTENDED TO LIMIT AND/OR ELIMINATE CERTAIN LIABILITY(S) OF FRANCHISOR AND SHALL NOT BE INTERPRETED OR CONSTRUED IN ANY WAY THAT EXPANDS LIABILITY.

ARTICLE 21 SUBMISSION OF AGREEMENT

21.1 Submission of Agreement. The submission of this Franchise Agreement to Franchisee does not itself constitute an offer to sell a franchise. This Franchise Agreement becomes effective only upon the signing by Franchisor and Franchisee. I HAVE READ THE AGREEMENT AND I AGREE TO AND ACCEPT EACH OF ITS PROVISIONS.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the Effective Date.

FRANCHISOR:

911 RESTORATION FRANCHISE INC.
A California corporation

By: _____
Name: _____
Its: _____

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Title: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

EXHIBIT A
TO THE FRANCHISE AGREEMENT
INITIAL FRANCHISE FEE, LOCATION AND TERRITORY

The Initial Franchise Fee is \$_____

The Approved Location of the Franchised Business is _____

The Territory is _____

Territory Population: _____

Franchisee and Franchisor hereby acknowledge and accept the foregoing Territory. Franchisee and Franchisor agree to execute an updated **Exhibit A** as required due to new or changed information.

FRANCHISOR:

911 RESTORATION FRANCHISE INC.
A California corporation

By:_____

Name:_____

Its:_____

FRANCHISEE:

A/An_____

By:_____

Name:_____

Title:_____

EXHIBIT B

TO THE FRANCHISE AGREEMENT CONFIDENTIALITY AGREEMENT

(for shareholders, officers, directors,
general partners, members and managers of Franchisee)

This Agreement is made this ____ day of _____, 202__, by and between 911 Restoration Franchise, Inc., with its principal place of business at 7721 Densmore Avenue, Van Nuys, California 91406 (the “**Franchisor**”) and _____ residing at _____ (“**Franchisee**”).

Franchisor sells franchises operating under the “911 Restoration” Trademark, Know How, and Copyrights.

Franchisor has expended considerable time, effort and expense to acquire knowledge and experience in the business of marketing its services to the general public and commercial enterprises. Furthermore, Franchisor has developed a system for the cultivation and operation of emergency response services businesses which provides emergency clean-up from fire damage, water damage and mold damage, as well as providing mold inspections, carpet cleaning, duct cleaning and crawl space cleaning. The System is operated according to certain confidential and proprietary procedures which include: its customer lists and other customer data, methods of doing business, methods of providing emergency cleanup services, a distinctive trade name and logo, proprietary seminar formats, equipment requirements, copyrighted advertising campaigns and materials, uniforms and other items used in operating procedures and certain business techniques, including procedures and instructions set forth in Franchisor’s operations and procedures manual, proprietary software, financial data, instructional materials and training programs, research and development, product and service development plans and trade secrets and intellectual property (collectively, the “**Confidential Information**”). The Confidential Information includes any financial transactions made with anyone including, but not limited to those listed in any 911 Restoration Franchise Agreement with any and all past, present and future franchisees. Said information includes but is not limited to a Franchise Fee agreement and a Royalty Fee agreement between Franchisee and Franchisor.

During the course of doing business with Franchisor, Franchisee has been or will be exposed to and become familiar with various aspects of concepts, designs, procedures, processes and other Confidential Information proprietary to Franchisor. Franchisor desires to be assured by Franchisee that any such information gained will be regarded as proprietary information and will not be disclosed to any third parties, and that Franchisee will not compete with Franchisor or its Affiliates.

In consideration of the continued business relationship between Franchisee and Franchisor, the ongoing disclosure to Franchisee of Franchisor’s confidential and proprietary information, and the mutual covenants contained herein, the parties agree:

1. Franchisee recognizes and acknowledges that during the course of his or her business relationship with Franchisor, he or she will have access to certain Confidential

Information not generally known to the public relating to the products, sales or business of Franchisor. Franchisee recognizes and acknowledges that this Confidential Information constitutes a valuable, special and unique asset of Franchisor, access to and knowledge of which are essential to the performance of Franchisee's duties. Franchisee acknowledges and agrees that all such Confidential Information including -- without limitation -- that which Franchisee conceives or develops, either alone or with others, at any time during his or her business relationship with Franchisor, is and shall remain the exclusive property of Franchisor.

2. Non-disclosure. Franchisee agrees that, except as directed by Franchisor, Franchisee will not at any time, whether during or after business relationship with Franchisor, use or disclose to any person for any purpose other than for the benefit of Franchisor any Confidential Information, or permit any person to use, examine and/or make copies of any documents, files, data or other information sources which contain or are derived from Confidential Information, whether prepared by Franchisee or otherwise coming into Franchisee's possession or control, without the prior written permission of Franchisor.

3. Non-Compete. For a period of two (2) years after termination of the Franchise Agreement, regardless of the cause, Franchisee shall not, directly or indirectly, within a radius of twenty-five (25) miles from the exterior boundaries of the Territory; or within a radius of twenty-five (25) miles of the location of any business using the System and/or the Proprietary Marks, whether franchised, licensed or owned by Franchisor or its subsidiary or Affiliated companies: (a) sell, market or propose to sell or market the services that compete or will compete with the Employer's or Company's then-existing business, (b) become an employee, employer, consultant, officer, director, partner, trustee or shareholder of more than five percent (5%) of the outstanding common stock of, or provide services or information to any person or entity that sells, markets or proposes to sell or market the services performed by the Company, or (c) employ or seek to employ any individual who is then employed by Franchisor, or employed by any of Franchisor's franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment.

4. Franchisor Materials. Franchisee will safeguard and return to Franchisor upon termination of Franchisee's business relationship with Franchisor, or sooner if Franchisor so requests, all documents and property in Franchisee's care, custody or control relating to his or her business relationship with Franchisor or Franchisor's business, including, without limitation, any documents that contain the Confidential Information.

5. Injunctive Relief. Franchisee acknowledges that disclosure of any Confidential Information or breach or threatened breach of any of the non-competition and non-disclosure covenants or other agreements contained herein would give rise to irreparable injury to Franchisor, which injury would be inadequately compensable in money damages. Franchisee also acknowledges that said breach or threatened breach will result in immediate termination of Franchisee's Franchise Agreement with Franchisor. Accordingly, Franchisor at its sole discretion, may seek and obtain injunctive relief from the breach or threatened breach of any provision, requirement or covenant of this Agreement, in addition to and not in limitation of any other legal remedies which may be available. Franchisee further acknowledges and agrees that the covenants contained herein are necessary to protect the legitimate business interests of Franchisor and Franchisor and are reasonable in scope and content.

6. Enforcement. The provisions of this Agreement shall be enforceable notwithstanding the existence of any claim or cause of action against Franchisor by Franchisee, whether predicated on this Agreement or otherwise.

7. Governing Law. The parties agree that this Agreement, including all exhibits and related matters, will be governed by and construed in accordance with the internal laws of the State in which the Franchisee's principal business address is located. If any provision of this Agreement is impermissible under a governing law, it will be amended to conform to that law while maintaining, to the maximum extent possible, the original intent of the provision. If such amendment cannot substantially maintain the original intent, the provision will be deemed deleted. Franchisee's obligations under this Agreement supplement, rather than supersede, the obligations imposed by the laws of the State in which the Franchisee operates and the United States of America.

8. Legal Expense. In any suit, proceeding or action to enforce any term, condition or covenant of this Agreement or to procure an adjudication or determination of the rights of Franchisor or Franchisee, the prevailing party shall be entitled to recover from the other party reasonable sums as attorneys' fees and costs and expenses in connection with such suit, proceeding or action, including any appeal, which sums shall be included in any judgment or decree entered therein.

9. Waiver of Breach. The waiver of any breach of any provision of this Agreement or failure to enforce any provision hereof shall not operate or be construed as a waiver of any subsequent breach by any party.

10. Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits.

DATED this ____ day of ____, 202__.

FRANCHISOR:

911 RESTORATION FRANCHISE INC.
A California corporation

By: _____
Name: _____
Its: _____

FRANCHISEE:

A/An _____

By: _____

Name: _____

Title: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT C

TO THE FRANCHISE AGREEMENT NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT FOR EMPLOYEES OF FRANCHISEE

AGREEMENT made this _____ day of _____, 202 (the “**Effective Date**”), by and between _____ (“**Franchisee**”), on the one hand, and _____ (“**Recipient**”), on the other hand, with reference to the following facts:

A. **911 RESTORATION FRANCHISE INC.**, a California corporation (“**Franchisor**”), has developed the “**911 System**” for the establishment and operation of 911 Restoration Businesses (“**911 Restoration Businesses**”) that provide emergency clean-up from fire damage, water damage and mold damage, as well as providing mold inspections, carpet cleaning, duct cleaning and crawl space cleaning and that use the trade name and trademark “**911 Restoration**” and other related trademarks, service marks, logos and commercial symbols (the “**Proprietary Marks**”). The Proprietary Marks used to identify the 911 System may be modified by Franchisor, from time to time. Franchisor continues to develop, use and control the use of the Proprietary Marks in order to identify for the public the source of services and products marketed under the Proprietary Marks and the 911 System, and to represent the 911 System’s high standards of quality, appearance and service.

B. The distinguishing characteristics of the 911 System include, without limitation, Franchisor’s operating methods and business practices related to the 911 Restoration Businesses, and the relationship between Franchisor and its franchisees, specifications for equipment, uniforms, defined product offerings, techniques, Franchisor specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, Franchisor’s website, all as Franchisor may modify the same from time to time.

C. The 911 System is comprised of confidential information that has been developed by Franchisor and its Affiliates by the investment of time, skill, effort and money and is widely recognized by the public, is of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor and its Affiliates, and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor’s business operations, products and services, techniques, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, customer lists and other customer data, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, information regarding the skills and compensation of employees and contractors of Franchisor, designs, drawings, specifications,

source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, knowledge or know-how concerning the methods of operation of the 911 Restoration Businesses which may be communicated to Recipient, or of which Recipient may be apprised, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its Affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential (collectively, the “**Confidential Information**”).

D. Franchisor has and continues to protect the confidentiality of the Confidential Information by, among other things, (i) not revealing the Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the Confidential Information; (iv) monitoring electronic access to the Confidential Information by the use of passwords and other restrictions so that electronic access to the Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all Confidential Information to Franchisor upon the expiration or termination of their Franchise Agreements.

E. Franchisor and Franchisee have entered into a Franchise Agreement under which Franchisor has granted Franchisee the right to own and operate a 911 Restoration Business (the “**Franchised Business**”) and to use the 911 System, the Proprietary Marks and the Confidential Information in the operation of the Franchised Business.

F. Franchisee is obligated under its Franchise Agreement with Franchisor to obtain a written agreement from all supervisory and managerial personnel employed by Franchisee who may have access to the Confidential Information and who may be the recipient of the disclosure of the Confidential Information to maintain the confidentiality of the Confidential Information, to obtain the written agreement from all supervisory and managerial personnel employed by Franchisee to not use the Confidential Information other than in the course of his or her employment or engagement by Franchisee and to not disclose any of the Confidential Information to any unauthorized parties during the period of time that he or she is providing services for Franchisee and forever after his or her employment or engagement by Franchisee ends.

NOW, THEREFORE, IT IS AGREED:

1. ACKNOWLEDGMENTS OF RECIPIENT.

1.1 No Prior Experience, Information or Knowledge. Prior to his or her employment or engagement by Franchisee, Recipient had no experience, information or knowledge whatsoever about operating a business that provides emergency fire damage clean-up and water damage and mold damage restoration, and/or mold inspections, carpet cleaning, duct cleaning and crawl space

cleaning or a 911 Restoration Business. Recipient's knowledge of the Confidential Information was obtained only from Franchisee following the Effective Date and only in the course of Recipient's employment or engagement by Franchisee.

1.2 Confidential Information. The Confidential Information includes all of the items included elsewhere in this Agreement and, in addition, without limitation, any other information or material considered proprietary by Franchisor, whether or not designated as Confidential Information by Franchisor but that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written, graphic or electronic form which, given the circumstances surrounding such disclosure, would be considered confidential. Confidential Information also includes the manner in which any of the above-described items may be combined with other information or products or synthesized or used by Franchisor, Franchisee or Recipient. Confidential Information does not include any information which: (a) was in the lawful and unrestricted possession of Recipient prior to its disclosure by Franchisor; (b) is or becomes generally available to the public by acts other than those of Recipient after receiving it; (c) has been received lawfully and in good faith by Recipient from a third party who did not derive it from Franchisor or Franchisee; or (d) is shown by acceptable evidence to have been independently developed by Recipient.

1.3 Independent Value. The Confidential Information (i) is not generally known by the public or parties other than Franchisor, its Affiliates, its franchisees and Franchisee; (ii) derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Franchisee; and (iii) is the subject of extensive efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the Confidential Information.

1.4 Valuable and Proprietary. The Confidential Information has been developed by Franchisor, its founder and their Affiliates by the investment of time, skill, effort and money and is widely recognized by the public, of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor, its founder and their Affiliates.

2. **COVENANTS OF RECIPIENT.**

Recipient agrees that so long as Recipient is employed or engaged by Franchisee and forever after his or her employment or engagement by Franchisee ends:

2.1 Maintain Confidentiality. Recipient will fully and strictly maintain the confidentiality of the Confidential Information, will exercise the highest degree of diligence in safeguarding the Confidential Information and will not disclose or reveal the Confidential Information to any person other than Franchisee or other personnel employed by Franchisee or independent contractors engaged by Franchisee while a supervisory or managerial employee of Franchisee and will then do so only to the degree necessary to carry out Recipient's duties as a supervisory or managerial employee of Franchisee.

2.2 No Reproduction or Use. Recipient will not directly or indirectly reproduce or copy any Confidential Information and will make no use of any Confidential Information for any purpose whatsoever except as may be required while Recipient is employed or engaged by Franchisee and will then do so only in accordance with the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as a supervisory or managerial employee or independent contractor of Franchisee.

2.3 Restrictions. Recipient acknowledges and agrees that due to the valuable specialized training and access to the Confidential Information that Recipient will enjoy while employed or engaged by Franchisee:

2.3.1 Recipient will not, while employed or engaged by Franchisee, either directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any other person or entity (i) divert or attempt to divert any present or prospective Franchised Business customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the 911 System; or (ii) employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisee or Franchisor or an Affiliate of Franchisor as a supervisory or managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment; or (iii) own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that is the same or similar to the Franchised Business or that provides emergency fire damage clean-up and water damage and mold damage restoration, and/or mold inspections, carpet cleaning, duct cleaning, crawl space cleaning or other services conducted by 911 Restoration Businesses similar to the 911 System.

2.3.2 Recipient will not, for a two (2) year period following the date that Recipient is no longer employed or engaged by Franchisee, either directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any other person or entity (i) divert or attempt to divert any present or prospective Franchised Business customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the 911 System; or (ii) employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisee or Franchisor or an Affiliate of Franchisor as a supervisory or managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment; or (iii) own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that is the same or similar to the Franchised Business or that provides emergency fire damage clean-up and water damage and mold damage restoration, and/or mold inspections, carpet cleaning, duct cleaning, crawl space cleaning or other services conducted by 911 Restoration Businesses in a manner similar to the 911 System.

2.4 Third Party Beneficiary. Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and shall have the independent right to enforce the terms of this Agreement.

3. GENERAL TERMS.

3.1 Injunction. Recipient recognizes the unique value and secondary meaning attached to the Confidential Information and the elements of the 911 System and agrees that Recipient's noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees. Recipient therefore agrees that if Recipient should engage in any unauthorized or improper use or disclosure of the Confidential Information, Franchisor and Franchisee, independently, will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, to prevent any unauthorized or improper use or disclosure of the Confidential Information in addition to any other remedies prescribed by law. Due to the irreparable damage that would result to Franchisor and Franchisee from any violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Franchisee will be deemed to be a matter separate and apart from Recipient's obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement.

3.2 Heirs and Successors; Entire Agreement. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns. This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

3.3 No Right to Use Proprietary Marks or 911 System. This Agreement is not a license of any sort, and does not grant Recipient any right to use or to license the use of, the Confidential Information, which right is expressly reserved by Franchisor.

3.4 Waiver and Validity. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.5 Headings and Gender. The headings in this Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.6 Attorneys' Fees. If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to

Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If any party to this Agreement commences any legal proceeding against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs of suit.

3.7 Cumulative Remedies. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.8 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties under this Agreement shall be deemed delivered at the time delivered by hand, one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail), or three (3) days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Any notice or demand to Franchisee shall be given to:

Fax: _____

With a copy to:

911 Restoration Franchise Inc.
7721 Densmore Avenue
Van Nuys, CA 91406
Attn: Miri Offir
Fax: 818-373-4860

Any notice or demand to Recipient shall be given to:

Fax: _____

Any party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.9 Governing Law and Venue. This Agreement takes effect upon its acceptance and execution by Franchisee, and shall be interpreted and construed under the laws of the State in which the Franchisee's principal business address is located. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted. Franchisee's obligations under this Agreement supplement and do not

supersede the obligations imposed on Franchisee by the laws of the State in which Franchisee operates and the United States of America. Nothing in this Section 3.9 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.10 Counterparts and Electronic Transmission; Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted electronically by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Agreement on the Effective Date.

FRANCHISEE:

RECIPIENT:

A/An _____

By: _____

Name: _____

Title: _____

EXHIBIT D
TO THE FRANCHISE AGREEMENT
GUARANTY

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications and amendments thereto (hereinafter collectively the “**Agreement**”) dated _____, 202____, by and between 911 Restoration Franchise Inc., a California corporation (hereinafter the “**Franchisor**”), and _____ (hereinafter the “**Franchisee**”), each of the undersigned Guarantors hereby grants this Guaranty (this “**Guaranty**”) as follows:

1. The Guarantors do hereby jointly and severally unconditionally guarantee the full, prompt and complete performance of Franchisee under the terms, covenants and conditions of the Agreement, including, without limitation, the complete and prompt payment of all indebtedness to Franchisor under the Agreement. The word “**indebtedness**” is used herein in its most comprehensive sense and includes, without limitation, any and all advances, debts, obligations and liabilities of Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against Franchisee or whether Franchisee is joined in any such action.

3. If Franchisee is a corporation, partnership or limited liability company, Franchisor shall not be obligated to inquire into the power or authority of Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on Franchisee’s behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships, it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.

4. Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guaranty and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained in this Guaranty, Guarantors waive and agree not to assert or take advantage of (i) all rights described in California Civil Code Section 2856(a)(1) through 2856(a)(3), inclusive, including without limitation, any rights or defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Section 2899. Guarantors further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Franchisee and Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability Guarantor or limit the liability of the other Guarantors hereunder.

7. Neither any provision of this Guaranty nor right of Franchisor under this Guaranty can be waived, nor can Guarantors be released from Guarantors' obligations under this Guaranty except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guaranty is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guaranty constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed herein.

8. This Guaranty may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guaranty with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guaranty for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guaranty. In addition, this Guaranty may be signed electronically by Guarantors and electronic signatures appearing on this Guaranty shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guaranty.

9. This Guaranty shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Guaranty would not be enforceable under the laws of California, and if the Franchised Business is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 9 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or

arising out of this Guaranty shall be conclusively presumed to be in the State of California, County of Los Angeles. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

10. If more than one person has executed this Guaranty, the term the “undersigned,” as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

11. Franchisor agrees that unless Franchisee is guilty of having misappropriated trust money or otherwise unjustifiably or willfully breached any material term of this Agreement, it will not seek enforcement of its right to money damages against the primary residence of any guarantor.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the _____ day of _____, 202____.

Signature

Printed Name

Home Address

Home Telephone

Business Telephone

Date

EXHIBIT E

**TO THE FRANCHISE AGREEMENT
ELECTRONIC TRANSFER AUTHORIZATION**

**Authorization to Honor Charges Drawn by And
Payable to 911 Restoration Franchise Inc. ("Company")**

Depositor hereby authorizes and requests _____ (the "**Depository**") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of 911 Restoration Franchise Inc. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

This authority is to remain in full force and effect until Company has received written notification from me (or either of Franchisor) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

Date Signed

Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

EXHIBIT F

**TO THE FRANCHISE AGREEMENT
CREDIT CARD AUTHORIZATION**

**Authorization to Honor Charges Drawn By and
Payable to 911 Restoration Franchise Inc. ("Merchant")**

I, _____ (the "Cardholder") hereby authorizes and requests 911 Restoration Franchise Inc. (the "**Merchant**") to initiate a credit charge in the amount of \$_____ indicated below drawn by and payable to the order of 911 Restoration Franchise Inc.

Cardholder agrees that the Merchant's rights with respect to each charge shall be the same as if it were drawn by the Merchant and signed by the Cardholder. The Cardholder further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Merchant shall be under no liability whatsoever.

☐ Visa ☐ MasterCard ☐ American Express ☐ Discover

Credit Card Number: _____

Expiration Date: _____ VID Code: _____

Billing Address

Street: _____

City: _____ State: _____ Zip Code: _____

This authority is to remain in full force and effect until the Merchant has received written notification from the cardholder of its termination in such time and in such manner to afford 911 Restoration Franchise Inc. and the Cardholder a responsible opportunity to act on such request.

Cardholder's Signature: _____ Date: _____

EXHIBIT G

TO THE FRANCHISE AGREEMENT CONVERSION ADDENDUM

THIS AGREEMENT is made and entered into this ____ day of _____, 202__ between 911 Restoration Franchise Inc., a *California* corporation with its principal office at 7721 Densmore Avenue, Van Nuys, CA 91406 (the “**Franchisor**”) and _____ whose principal address is _____, an individual/partnership/corporation formed or incorporated in the State of _____ (the “**Franchisee**”).

The parties hereby amend the Franchise Agreement dated _____, 202__ (the “**Agreement**”), in accordance with the following, in addition to the deletions, additions and modifications (which shall control in the event of any ambiguity between any of them and the terms of the pre-printed form), which appear on the pre-printed form of agreement to which this Addendum is attached. In the event of any conflict or ambiguity between the terms of this Addendum and the Franchise Agreement, the terms of this Addendum shall control.

1. Section 5.1.3 is hereby modified by adding the following paragraph at the end of the Section:

“If Franchisee is a conversion franchisee, any online presence related to Franchisee’s existing business before the conversion, such as websites and social media business pages (including Facebook, LinkedIn and/or X) and any e-mail addresses, URLs, domain names, Internet listings and “followers” relating to the websites and social media pages shall become Franchisor’s property upon execution of the Franchise Agreement. Franchisee must immediately cease using any previous business name, branding, or marks on any online platforms and shall fully rebrand all online presence to 911 Restoration branding within 30 days following the Effective Date. Franchisee shall sign any documentation Franchisor require to evidence the transfer of these items to Franchisor.”

2. Section 8.4 is hereby amended by adding the following at the end of the Section:

“Franchisee hereby agrees and acknowledges that Franchisee is converting its existing restoration business to a 911 Restoration Business. Prior to operating as a 911 Restoration Franchise, Franchisee must submit the following to Franchisor: 1) a full schedule of all inventory with photographs, 2) proof of at least one (1) vehicle converted to Franchisor’s specifications, 3) a complete list of all bank accounts, merchant accounts, and payment processing systems used in the business, and 4) documentation evidencing the transfer or closure of all existing business accounts and contracts to 911 Restoration branding. Franchisee shall immediately cease using any previous business name, branding, marks, or promotional materials upon the Effective Date. The full and complete business

conversion to a 911 Restoration Business, including but not limited to all vehicles, signage, uniforms, business cards, marketing materials, online presence, customer contracts, vendor agreements, insurance policies, licenses, permits, bank accounts, merchant accounts, payment processing systems, and any other business operational elements, must take place within 30 days following the Effective Date. Failure to do so shall be grounds for termination of the Franchise Agreement.”

3. Section 9.2.2 shall be deleted in its entirety and replaced with the following:

“If upon receipt of a full schedule, including photographs, of Franchisee’s existing inventory and equipment, Franchisor then offers to Franchisee a Franchise Agreement for execution, then Franchisor shall have deemed Franchisee’s existing facility approved to be converted to “the Franchised Business.”

4. Section 9.2.3 is amended to state that Franchisee agrees to have Franchisee’s Franchised Business open and operating in thirty (30) days from the Effective Date.

5. Section 9.5 shall be amended to state that if Franchisee wishes to use an existing vehicle in connection with the Franchised Business, Franchisor must approve of Franchisee’s vehicle as meeting Franchisor’s standards. All existing vehicles must be completely rebranded to remove any previous business names, logos, or marks and must be lettered or painted according to Franchisor’s precise specifications prior to use. Franchisee shall not operate any vehicle displaying previous business branding after the Effective Date. All vehicle rebranding must be completed within 30 days of the Effective Date, and it must be lettered or painted according to Franchisor’s precise specifications prior to use.

6. Section 16.3 shall be amended to add to add the following:

“16.3.9 If Franchisee fails to fully and completely convert its existing business to a 911 Restoration Business, including but not limited to the transfer or closure of all bank accounts, merchant accounts, payment processing systems, customer contracts, and vendor relationships, as determined by Franchisor in its sole determination, within 30 days of the Effective Date.”

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the Effective Date.

FRANCHISOR:

911 RESTORATION FRANCHISE INC.,
A California corporation

By: _____

Name: _____

Its: _____

FRANCHISEE:

A/AN _____

By: _____

Name: _____

Title: _____

EXHIBIT H
TO THE FRANCHISE AGREEMENT
INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS

Franchisee shall procure and maintain throughout the term of their Franchisee Agreement insurance from a carrier with an A.M. Best rating of “A-” VIII or better. Franchisee shall furnish

Franchisor with a Certificate of Insurance prior to commencing work to include coverage and Minimum limits as follows:

Commercial General Liability

Form: Commercial General Liability including premises & operations, owners and Contractor’s protective, broad form property damage, contractual liability, no XCU exclusions & products/completed operations written on an occurrence form.

General Liability:

Occurrence policy form — ISO CG0001 or most recently approved version or equivalent

\$1,000,000 limit Each Occurrence BI/PD

\$1,000,000 limit Each Occurrence Personal Injury

\$2,000,000 General aggregate

\$2,000,000 products/completed operation aggregate

Blanket Contractual Liability

Blanket Waiver of Subrogation for Additional Insureds

Blanket Primary & Non-Contributory coverage for Additional Insureds

Completed Operations coverage for Additional Insureds

No restriction on the scope of operations usual to a 911 Restoration franchise

No exclusions for claims from additions or remodeling projects

No exclusions for existing residential or habitational jobs

Defense costs must be outside the general liability limits and shall not have any limitations

Policy shall include a per project/location aggregate

If Franchisee operates in New York, there shall be no exclusions for New York operations.

There shall be “no action over” exclusions accepted for contractors operating in New York

***see Additional Insured Endorsements Section

Umbrella

Form: Umbrella or Follow-Form Excess Liability

Minimum Limits: \$1,000,000 per occurrence / \$1,000,000 Aggregate

Other: Policy term to be concurrent with Commercial General Liability Policy. Umbrella coverage must provide excess liability over the General Liability, Pollution Liability, mold liability, auto liability, professional liability and employers liability.

If the Umbrella liability is placed with an admitted carrier or a carrier that will not provide excess liability coverage over the CPL or mold, it would then be acceptable to place this umbrella providing the monoline CPL limits are written to include a \$2,000,000 / \$2,000,000 limit.

Automobile Liability

Form: Commercial Auto Liability shall be written to provide “any auto” Symbol 1, or if Symbol 1 is not available from the carrier, then a combination of Symbols 2, 8, and 9 shall be acceptable and provide coverage for all owned autos, hired, and non-owned autos.

911 Restoration shall be named as an additional insured for the commercial auto policy.

Minimum Limits: \$1,000,000 combined limit

Professional Liability

Minimum Limits: \$1,000,000 each occurrence

Coverage may be written on a claims-made form. If the professional liability is on a Claims Made form, the retroactive date must coincide with the start date of Franchisee’s franchise, or the inception date of the first professional liability policy Franchisee obtained claims made coverage for, or the expiration date of Franchisee’s previous occurrence form.

No policies that are “silent” on professional liability will be accepted. Incidental professional liability will not be accepted.

Policies must have a positive grant of coverage.

Contractor Pollution Liability

The CPL policy must be written on an occurrence form when Franchisee’s policy renews if it is currently on a claims made form. If Franchisee purchase occurrence CPL and Franchisee previously had claims made coverage, it is required that Franchisee either purchase a “tail” from

the previous claims made carrier or Franchisee obtain a “nose” going back to the original prior carrier’s CPL retroactive date.

The mold section of the policy may be written on either an Occurrence form or a Claims Made form. If the mold is on a Claims Made form, the retroactive date must coincide with the start date of Franchisee’s franchise, or the original retroactive or inception date of current mold coverage or the expiration date of Franchisee’s previous occurrence form. It is highly recommended Franchisee carry occurrence mold coverage as it is readily available from several environmental carriers currently writing restoration contractors. If Franchisee purchase occurrence mold and Franchisee previously had claims made coverage, it is required that Franchisee either purchase a “tail” from the previous claims made carrier or Franchisee obtain a “nose” going back to the original prior carrier’s mold retroactive date.

If the CPL or mold is currently or has been written previously, the Franchisee warrants that they will provide 3 years of continuous coverage at the expiration of claims made policies, or purchase an extended reporting endorsement for a minimum of 3 years “tail”, or if moving to occurrence, provide “nose” coverage for the previous claims made years back to the original retroactive or inception dates of the claims made policies.

All services offered by the Franchisee, including remodeling, must be covered.

There shall be no exclusions for losses related to lead, silica, asbestos, or for contaminated drywall.

There shall be no exclusions for viruses and the policy must contain a positive grant of coverage for virus(s).

EIFS may not be excluded for restoration work.

No restriction on the scope of operations usual to a 911 Restoration franchise

Transportation liability for first and third parties shall be included

Coverage for Non owned disposal sites shall be included

There shall be no exclusions for any additions or remodeling projects

There shall be no damage to Franchisee’s work or impaired property exclusion on the CPL

Minimum Limits: \$1,000,000 per occurrence / \$2,000,000 aggregate

Endorsements: 911 Restoration to be added as an additional insured for ongoing operations and completed operations.

Worker’s Compensation & Employer’s Liability

Form: Standard Policy naming states where the contractor is working as a covered State

Minimum Limits: Statutory worker’s compensation benefits
Employers’ Liability limits of \$1,000,000/\$1,000,000/\$1,000,000

Endorsements: Waiver of Subrogation in favor of 911 Restoration (Franchisor)
Stop Gap as required in Monopolistic states

Additional Insured Endorsement Section
General Liability

911 Restoration (“**Franchisor**”), its officers, employees, and agents are added as additional insureds to the general liability and pollution liability insurance as respects to liability arising out of ongoing and completed operations performed by or on behalf of the named insured.

911 Contractor is required to add the Franchisor as an additional insured with a 30-day notice of cancellation.

Franchisee is required to add 911 Restoration (franchisor) as an additional insured per ISO form CG 20 29 11 85 or equivalent acceptable to Franchisor.

The commercial general liability coverage for additional insured shall be on a primary and non-contributory basis. The CGL policy shall provide that any insurance maintained by the additional insured is excess and non-contributing with any insurance required herein.

The additional insured endorsement on the CGL policies shall be provided under ISO forms:

CG 20 10 07 04 –or equivalent acceptable to Franchisor for ongoing operations.

CG 20 37 07 04 or equivalent acceptable to Franchisor for completed operations.

All endorsements must be scheduled on the Acord Certificate of Insurance and attached to the certificate for the approval of 911 Restoration.

All policies shall contain a 30-day notice of cancellation.

Automobile Liability

911 Restoration (“**Franchisor**”) shall be named as an additional insured for the commercial auto policy.

Contractor Pollution Liability

Franchisee shall name 911 Restoration (franchisor) as additional insureds. Most additional insured endorsements for CPL offer coverage for ongoing operations only. There must be an additional insured attached for the CPL that provides coverage with a “Franchisee’s work” with respect to the completed operations hazard that is acceptable to the review and approval of 911 Restoration (franchisor).

Follow Form Excess Liability/Umbrella Liability

911 Restoration (Franchisor) shall be named as additional insured under the excess liability policy.

EXHIBIT I TO THE FRANCHISE AGREEMENT

INCENTIVE PLAN

Franchisor currently offers the following incentive plan to its franchisees. Franchisor has the right to modify or cancel the below incentive plan upon thirty (30) days written notice to Franchisee.

General Requirements for any and all discounts:

1. To be eligible for any discount, Franchisee must be making all required payments to the National Advertising Fund and have no past due amounts owing to the National Advertising Fund.

2. To be eligible for any discount, Franchisee must (i) not be in default under any Franchise Agreement with Franchisor and must be in full compliance with the terms of its Franchise Agreement including, but not limited to, not having any past due royalty reports, be current on all payments to Franchisor and the national advertising fund and have submitted all annual financial statements and tax returns to Franchisor; (ii) must accept and service all National Account related jobs assigned by Franchisor; and (iii) employ at least one (1) full-time Business Development Manager (as defined below), dedicated exclusively to business development activities of the Franchised Business, subject to the following conditions:

a. For sole proprietorship, the owner cannot serve as the Business Development Manager;

b. For partnerships with two or more owners, one owner may serve as the Business Development Manager if working in that role full-time;

c. Franchisee must complete local Business Development training and hire a Business Development Manager (as defined below) within three (3) months of signing the Franchise Agreement;

d. If a Business Development Manager leaves, Franchisee has three (3) months to hire a replacement;

e. Franchisee is only permitted to operate without a Business Development Manager for a maximum of three (3) months in any twelve (12) consecutive month period;

f. If Franchisee fails to hire a replacement within three (3) months, the royalty rate shall revert to nine percent (9%) for a minimum of six (6) months;

g. Franchisee must demonstrate ongoing recruiting efforts with documented proof of advertising, interviews, and other recruitment activities;

h. The Business Development Manager must be an active local sales representative engaged in daily business development activities within the Territory and must:

i. Use Franchisor's designated CRM system and keep it current

- ii. Provide Franchisor full access to the CRM system at all times
- iii. Use a 911restoration.com email address
- iv. Attend weekly sales meetings with a sales trainer for three (3) consecutive months
- v. Attend all sales webinars and sales conferences
- vi. Submit to monitoring of CRM activity by Franchisor's trainer on a daily and weekly basis and provide Franchisor with detailed activity reports no less frequently than monthly, in a format prescribed by Franchisor, documenting all business development activities including but not limited to: (i) daily sales calls and meetings conducted; (ii) leads generated and pursued; (iii) proposals submitted; (iv) contracts closed; (v) networking events attended; and (vi) other business development initiatives undertaken. Such reports shall include day-by-day accounting of the Business Development Manager's activities and time allocation. **"Business Development Manager"** means a full-time employee that has completed, to Franchisor's satisfaction, Franchisor's then-current business development manager training and received certification of such completion.

3. If Franchisee fails to meet any of these conditions at any time, the royalty rate shall immediately revert to nine percent (9%) until such time as Franchisee demonstrates full compliance with all conditions to Franchisor's satisfaction.

4. To be eligible for any discount, at least one employee of Franchisee must have attended Franchisor's most recent national conference if one was held since Franchisee signed its Franchise Agreement.

5. To be eligible for any discount, Franchisee must have attended at least one (1) regional meeting in the previous twelve (12) month period if one was held since Franchisee signed its Franchise Agreement.

6. To be eligible for any discount and to maintain eligibility for any discount, Franchisee must be in compliance with and following all franchise protocols and standard operating procedures imposed by Franchisor including, but not limited to, the provisions in Franchisor's manuals.

7. To be eligible for any discount, Franchisee must have attended not less than sixty percent (60%) of required franchise consultant meetings, virtual network gathering meetings, round-tables, panels, training meetings, or other meetings or events required by Franchisor the twelve (12) months prior to the effectiveness of the applicable discount. If Franchisee cannot attend a meeting with its Franchise Consultant, Franchisee must inform its Franchise Consultant in advance.

8. To be eligible for any discount, Franchisee must offer all core mitigation services which include: (i) water, (ii) fire, and (iii) mold. If Franchisee does not offer all core mitigation services then Franchisee shall not be eligible for any discount stated herein.

9. To be eligible for any discount, Franchisee must have at least one (1) Institute of Inspection, Cleaning and Restoration Certification (“IICRC”) mold certified (“AMRT”) representative on staff; one (1) ASD certificate; one (1) certificate for water damage (“WRT”), and one (1) fire and smoke restoration technician certification.

10. To be eligible for any discount, Franchisee must be currently operating under a franchise agreement with royalties for Mitigation Services of 9% of Gross Revenue and 3% for Non-Restoration Services.

11. To be eligible for any discount, Franchisee must be using Franchisors then-current CRM and keeping it up to date.

12. All discounts calculated herein are based upon Gross Revenue actually collected by Franchisee as calculated based on royalty reports submitted by Franchisee to Franchisor monthly.

13. If Franchisee is a party to a development agreement or master franchise agreement with Franchisor, then Franchisee shall not be eligible to participate in this Discount Plan.

First Term Franchisees

“First Term Franchisees” means only those franchisees who are on their first term with Franchisor as of January 1, 2024, and have not signed a renewal franchise agreement or extended the term of their first franchise agreement beyond seven (7) years. The discounts available to First Term Franchisees apply to no more than three territories operated or owned by Franchisee or its Affiliates.

- (1) First Term Franchisees are eligible for the “First Term Franchisee Discount” on royalties from Gross Revenue collected for Mitigation Services. The First Term Franchisee Discount is determined based on the amount of Gross Revenue collected for Mitigation Services for up to 3 territories, as follows:

Mitigation Services Collected Revenue	Royalty Rate for Mitigation Services
\$0 - \$2,000,000	7%
\$2,000,001 - \$3,500,000	6%
\$3,500,001 and up	5%

- (2) The First Term Franchisee Discount is based on Gross Revenue collected for Mitigation Services for up to 3 territories collected during the current calendar year-to-date, and is limited to Gross Revenue collected exclusively for Mitigation Services for up to 3 territories. *(Example: If a First Term Franchisee’s reported Gross Revenue collected for Mitigation Services for up to 3 territories exceeds \$2,000,000 on April 12, First Term Franchisee’s Royalty Rate for Mitigation Services shall be reduced to 6% effective the next calendar month, May 1. First Term Franchisee shall continue to pay 7% on all Gross Revenue collected for Mitigation Services for up to 3 territories during the remainder of the month of*

April). First Term Franchisees that meet the next tier(s) within the same calendar year are eligible for the next tier discount effective the next calendar month (*Example: If the same First Term Franchisee reports Gross Revenue collected from Mitigation Services for up to 3 territories exceeding \$3,500,000 on July 12, 2024, First Term Franchisee's Royalty Rate for Mitigation Services shall be reduced to 5% effective the next calendar month, August 1.*)

(3) The First Term Franchisee Discount shall reset to 9% as of January 1 of each calendar year until Franchisee reaches the next tier in the table above.

(4) Combining Gross Revenue from Multiple Territories

a. Subject to Franchisor's approval, First Term Franchisees owning more than three (3) territories, whether under one or more franchise agreements may be permitted to combine Gross Revenue collected for Mitigation Services from all territories serviced by First Term Franchisees operating from a single Approved Location. Such First Term Franchisees must achieve a minimum Average Gross Revenue collected for Mitigation Services per territory, as follows:

Mitigation Services Collected Revenue Tiers	Average Mitigation Services Revenue Per Territory
\$0 - \$2,000,000	\$666,666
\$2,000,001 - \$3,500,000	\$666,667 - \$1,166,666
\$3,500,001 and up	\$1,166,667 and up

b. Subject to Franchisor's approval, First Term Franchisees owning three (3) or fewer territories may be permitted to combine Gross Revenue collected for Mitigation Services provided in up to three (3) territories, but only if the territories are serviced by First Term Franchisees from a single Approved Location. First Term Franchisees must obtain Franchisor's prior written approval to combine territories serviced from a single Approved Location.

c. If a First Term Franchisee owns three (3) or fewer territories, whether under one or more franchise agreements, and the Average Mitigation Services Collected Revenue in the current calendar year meets the Average Mitigation Services Revenue Per Territory, as stated in the right-hand column of the table in Paragraph 4(a) above, First Term Franchisee must also achieve, for each territory, the required Mitigation Services Collected Revenue Tier in the left-hand column of the table in Paragraph 4(a) to receive the First Term Royalty Discount for that territory (*Example: First Term Franchisee owns one (1) territory. Mitigation Services Collected Revenue for the current year is \$1.7M. Even though First Term Franchisee exceeded the \$1.16M Average Mitigation Services Revenue Per Territory, First Term Franchisee does not qualify for the First Term Franchisee Discount since the current year's Mitigation Services Collected Revenue does not meet the corresponding Mitigation Services Collected Revenue Tier of \$3,500,001 and up.*)

(5) Discounted Construction Royalty

The Discounted Construction Royalty is limited to Gross Revenue collected exclusively for Construction Services and shall vary based on both Construction Services revenue and Mitigation Services revenue. Franchisee must provide supporting documentation for all construction jobs to justify and support the applicable royalty rate. The Discounted Construction Royalty will be determined as follows:

Mitigation Services Revenue Criteria	Discounted Construction Royalty for the Then-Current Calendar Year
Mitigation Services Revenue \$0 - \$499,999	3%
Mitigation Services Revenue \$500,000 or more	2%

When a First Term Franchisee collects five hundred thousand dollars (\$500,000) or more in Gross Revenue for Mitigation Services in any calendar month (“**Qualifying Month**”), Franchisee shall be eligible for a reduced Construction Royalty rate of two percent (2%) which will be applied in the calendar month immediately following the Qualifying Month. For example, if Franchisee achieves \$500,000 or more in Mitigation Services Gross Revenue in April, the reduced Construction Royalty rate will apply to all Construction Services performed in May. Notwithstanding the foregoing, the Construction Royalty rate shall automatically reset to three percent (3%) on January 1 of each calendar year, and Franchisee must re-qualify for the reduced rate based on its Mitigation Services Gross Revenue in any subsequent Qualifying Month.

Second Term Franchisees

“Second Term Franchisees” means only those franchisees who are on their second term with Franchisor as of January 1, 2024, and have signed a renewal franchise agreement or extended the term of their first franchise agreement beyond seven (7) years. Second Term Franchisees are eligible for the “Second Term Franchisee Discount” on royalties from Gross Revenue collected for (A) Mitigation Services; (B) Construction Services; and (C) Storage Services. The discounts available to Second Term Franchisees apply to no more than three territories operated or owned by Franchisee or its Affiliates.

(6) Discounted Mitigation Royalty

The Discounted Mitigation Royalty is limited to Gross Revenue collected exclusively for Mitigation Services and shall vary from year to year. The Discounted Mitigation Royalty will be based on Gross Revenue collected for Mitigation Services in the previous calendar year, as follows:

Mitigation Services Collected Revenue in Previous Calendar Year	Discounted Mitigation Royalty for the Current Calendar Year
\$0 - \$2,000,000	7%

\$2,000,001 - \$3,500,000	6%
\$3,500,001 and up	5%

- (1) Within forty-five (45) days of receipt of Franchisee's December revenue report, Franchisor shall review Franchisee's previous calendar year Gross Revenue collected for Mitigation Services to determine the current calendar year Discounted Mitigation Royalty.
- (2) All Mitigation Services Collected Revenue over \$5,000,000 in a calendar year shall be carried over towards the calculated amount of Mitigation Services Collected Revenue for the immediately subsequent calendar year. *(Example: If Second Term Franchisee reports \$6,000,000 in Mitigation Services Collected Revenue for the 2025 calendar year, Franchisor agrees to carry-over \$1,000,000 (the excess above \$5,000,000) towards Franchisee's 2026 Discounted Mitigation Royalty.*
- (3) Combining Gross Revenue from Multiple Territories

a. Subject to Franchisor's approval, Second Term Franchisees owning more than three (3) territories, whether under one or more franchise agreements may be permitted to combine Gross Revenue collected for Mitigation Services from all territories serviced by Second Term Franchisees operating from a single Approved Location. Such Second Term Franchisees must achieve a minimum Average Gross Revenue collected for Mitigation Services per territory, as follows:

Mitigation Services Collected Revenue Tiers	Average Mitigation Services Revenue Per Territory
\$0 - \$2,000,000	\$500,000
\$2,000,001 - \$3,500,000	\$500,001 - \$875,000
\$3,500,001 and up	\$875,001 - \$1,200,000

b. Subject to Franchisor's approval, Second Term Franchisees owning three (3) or fewer territories may be permitted to combine Gross Revenue collected for Mitigation Services provided in up to three (3) territories, but only if the territories are serviced by Second Term Franchisees from a single Approved Location. Second Term Franchisees are not permitted to combine more than one territory serviced from a single Approved Location.

c. If a Second Term Franchisee owns three (3) or fewer territories, whether under one or more franchise agreements, and the Average Mitigation Services Collected Revenue in the previous calendar year meets the Average Mitigation Services Revenue Per Territory, as stated in the right-hand column of the table in Paragraph 3(a) above, Second Term Franchisee must also achieve, for each territory, the required Mitigation Services Collected Revenue Tier in the left-hand column of the table above to receive the Discounted Mitigation Royalty for that territory *(Example: Second Term Franchisee owns one (1) territory. Mitigation Services Collected Revenue for previous year was \$1.7M. Even though Second Term Franchisee exceeded the \$1.2M Average Mitigation Services Revenue Per Territory, Second Term Franchisee does not qualify for the Discounted Mitigation Royalty because the Mitigation Services Collected Revenue did not meet the corresponding Mitigation Services Collected Revenue Tier of \$3,500,001 and up.)*

(7) Discounted Construction Royalty

The Discounted Construction Royalty is limited to Gross Revenue collected exclusively for Construction Services and shall vary from year to year. The Discounted Construction Royalty will be based on Gross Revenue collected for Construction Services in the previous calendar year, as follows:

Mitigation Services Revenue Criteria	Discounted Construction Royalty for the Then-Current Calendar Year
Mitigation Services Revenue \$0 - \$499,999	3%
Mitigation Services Revenue \$500,000 or more	2%

And

Construction Services Collected Revenue in Previous Calendar Year	Mitigation Services Collected Revenue Tiers	Discounted Construction Royalty for the Then-Current Calendar Year
\$3,000,000 or more	\$5,000,000 or more	1%

To be eligible to 1% Discounted Construction Royalty fee, Second Term Franchisee must have collected in excess of five million dollars (\$5,000,000) in Gross Revenue for Mitigation Services in the immediately preceding calendar year.

Within forty-five (45) days of receipt of Franchisee's December royalty report, Franchisor shall review Franchisee's previous calendar year Gross Revenue collected for Construction Services and Mitigation Services to determine the current calendar year Discounted Construction Royalty.

(8) Discounted Storage Royalty

The Discounted Storage Royalty will be the same as Second Term Franchisee's then-current Discounted Construction Royalty stated above, and shall be included within Mitigation Services Collected Revenue for purposes of calculating the Discounted Mitigation Royalty. For purposes of this Addendum, "Storage Services" shall be defined as the storing of a customer's goods during the performance of Restoration and Non-Restoration Services by Franchisee. Franchisee must maintain and provide to Franchisor, upon request, complete and accurate documentation for each Storage Service job, including but not limited to: (i) detailed inventory lists of stored items; (ii) photographs of stored items; (iii) storage duration records; (iv) storage location information; and (v) customer authorizations for storage services.

Exhibit C

State Specific Addenda

STATE ADDENDA

Each provision of this Addendum shall be effective only if, with respect to each provision, the jurisdictional requirements of a state are met independently, without reference to this Addendum.

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE WWW.911RESTORATIONFRANCHISE.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in that association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive

compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Los Angeles County, California, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

3. The following paragraph is added at the end of Item 19 of the Disclosure Document:

The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between 911 Restoration Franchise Inc., as franchisor (“**Franchisor**”), and _____, as franchisee (“**Franchisee**”). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

HAWAII
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.
4. Payment of the initial franchise fee shall be deferred until Franchisor has completed its pre-opening obligations to Franchisee and Franchisee has opened for business.
5. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

HAWAII
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between 911 Restoration Franchise Inc., as franchisor (“**Franchisor**”), and _____, as franchisee (“**Franchisee**”). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Payment of the initial franchise fee shall be deferred until Franchisor has completed its pre-opening obligations to Franchisee and Franchisee has opened for business.
2. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

ILLINOIS
ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “**Act**”), the Disclosure Document is amended as follows:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Illinois Attorney General’s Office has imposed a bond requirement due to the Franchisor’s financial condition.

ILLINOIS
ADDENDUM TO FRANCHISE AGREEMENT

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Illinois Attorney General's Office has imposed a bond requirement due to the Franchisor's financial condition.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

INDIANA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. The risk factors listed on the cover page of the Disclosure Document are void under Indiana law.
2. It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:
 - a. Provisions requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This paragraph does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.
 - b. Provisions allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee in the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee in a reasonable area.
 - c. Provisions allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.
 - d. Provisions allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.
 - e. Provisions requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by Indiana law or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This paragraph does not apply to arbitration before an independent arbitrator.
 - f. Provisions allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new

models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this paragraph.

- g. Provisions permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the franchise agreement.
 - h. Provisions permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This paragraph shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.
 - i. Provisions requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.
 - j. Provisions limiting litigation brought for breach of the agreement in any manner whatsoever. A choice of forum or law other than that of Indiana is prohibited.
 - k. Provisions requiring the franchisee to participate in any advertising or promotional campaign or contest, or requiring the franchisee to purchase promotional materials or display decorations or materials, if franchisee is required to do so at any expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula. However, such provisions are lawful if the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay to satisfy the provisions.
 - l. Provisions requiring a franchisee to enter into an agreement providing the franchisor with any indemnification for liability caused by the franchisee's proper reliance on or use of procedures or materials provided by the franchisor or by the franchisor's negligence.
 - m. Provisions requiring a franchisee to enter into an agreement reserving the right to injunctive relief and any specific damages to the franchisor, limiting the remedies available to either party without benefit of appropriate process or recognizing the adequacy or inadequacy of any remedy under the agreement.
3. It is unlawful for any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to engage in any of the following acts and practices in relation to the agreement:
- a. Coercing the franchisee to:

- i. Order or accept delivery of any goods, supplies, inventories, or services which are neither necessary to the operation of the franchise, required by the franchise agreement, required by law, nor voluntarily ordered by the franchisee.
 - ii. Order or accept delivery of any goods offered for sale by the franchisee which includes modifications or accessories which are not included in the base price of those goods as publicly advertised by the franchisor.
 - iii. Participate in an advertising campaign or contest, any promotional campaign, promotional materials, display decorations, or materials at an expense to the franchisee over and above the maximum percentage of gross monthly sales or the maximum absolute sum required to be spent by the franchisee provided for in the franchise agreement, in the absence of such provision for required advertising expenditures in the franchise agreement, no such participation may be required; or
 - iv. Enter into any agreement with the franchisor or any designee of the franchisor, or do any other act prejudicial to the franchisee, by threatening to cancel or fail to renew any agreement between the franchisee and the franchisor. Notice in good faith to any franchisee of the franchisee's violation of the terms or provisions of a franchise or agreement does not constitute a violation of this paragraph.
- b. Refusing or failing to deliver in reasonable quantities and within a reasonable time after receipt of an order from a franchisee for any good, supplies, inventories, or services which the franchisor has agreed to supply to the franchisee, unless the failure is caused by acts or caused beyond the control of the franchisor.
 - c. Denying the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise.
 - d. Establishing a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or if no exclusive territory is designated, competing unfairly with the franchisee within a reasonable area. However, a franchisor shall not be considered to be competing when operating a business either temporarily for a reasonable period of time, or in a bona fide retail operation which is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the business operation and can reasonably expect to acquire full ownership of such business on reasonable terms and conditions.
 - e. Discriminating unfairly among its franchisees or unreasonably failing or refusing to comply with any terms of a franchise agreement.
 - f. Obtaining money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services

rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

- g. Increasing prices of goods provided by the franchisor which the franchisee had ordered for retail consumers prior to the franchisee's receipt of a written official price increase notification. Price increases caused by conformity to a state or federal law, the revaluation of the United States dollar in the case of foreign-made goods or pursuant to the franchise agreement are not subject to this paragraph.
 - h. Using deceptive advertising or engaging in deceptive acts in connection with the franchise or the franchisor's business.
- 4. The franchisee does not waive any right under Indiana statutes with regard to prior representations made in the Disclosure Document.
 - 5. Each provision of the franchise documents which is unlawful pursuant to Indiana's franchise laws is amended to conform with said law.
 - 6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Indiana law are met independently without reference to this Addendum to Disclosure Document.

MARYLAND
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. The Summary section of Item 17(c) entitled “**Requirements for you to Renew or Extend**” and the Summary section of Item 17(l) entitled “**Our Approval of Transfer**” are amended by adding the following:

“Any general release you sign as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

2. The Summary section of Item 17(v) entitled “**Choice of Forum**” are amended by adding the following:

“You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

3. The Summary section of Item 17(h) entitled “**Cause Defined Non-curable Defaults**” is amended by adding the following:

“Termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. §101 et. seq.).”

4. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions of the Franchise Agreement or Franchise Compliance Certificate which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Franchisor has posted a surety bond equal to \$100,000, and the bond is on file with the Maryland Securities Commissioner. The Maryland Securities Commissioner imposed the bond requirement due to the franchisor’s financial condition.

MARYLAND
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between **911 RESTORATION FRANCHISE INC.**, a California corporation, as franchisor and _____, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. **Section 4.3.4 of the Franchise Agreement** is amended by the addition of the following language to the original language that appears therein:

“Any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

2. Any provision requiring Franchisee to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.
3. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
5. Franchisor has posted a surety bond equal to \$100,000, and the bond is on file with the Maryland Securities Commissioner. The Maryland Securities Commissioner imposed the bond requirement due to the franchisor’s financial condition.
6. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Franchise Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

MICHIGAN
ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan:

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents related to a franchise:

- A. A prohibition on the right of a franchisee to join an association of franchisees.
- B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice and a reasonable opportunity, which will not be more than 30 days, to cure such failure.
- D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- F. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

- G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
- 1) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - 2) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - 3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - 4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).
- I. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.
2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.
 3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL. Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Consumer Protection Division Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Lansing, MI 48933
(517) 373-7117

MINNESOTA
ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 13 “**Trademarks**” is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 “**Renewal, Termination, Transfer and Dispute Resolution**” is amended by adding the following:

A. **Renewal and Termination**

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Agreement.

B. **Choice of Forum**

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

C. **Releases**

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement (“**Agreement**”) agree as follows:

1. Section 4.1 “**Initial Term**”, shall be supplemented by the following new paragraph:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

2. Section 4.2 “**Renewal Right**”, shall be supplemented by the following new paragraph:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

3. Section 7 “**Proprietary Marks**” shall be supplemented by the following new paragraph:

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Section 16 “**Default and Termination**” shall be supplemented by the following new paragraph:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

5. Section 15.2 “**Assignment by Franchisee**” shall be supplemented by the following new sentence:

“A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.”

6. Section 19.17 “**Governing Law**” (regarding choice of forum), shall be supplemented by the following:

“Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

NEW YORK
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATION PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from

membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NEW YORK
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between 911 Restoration Franchise Inc., as franchisor (“**Franchisor**”) and _____, as franchisee (“**Franchisee**”). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

The parties to the Franchise Agreement hereby acknowledge and agree that:

1. To the extent required by applicable law, all rights the franchisee enjoys and any causes of action arising in the franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.
2. The franchisee may terminate the Franchise Agreement on any grounds available by law.
3. Irrespective of any rights granted to the franchisor to assign the Franchise Agreement, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.
4. No choice of law or choice of forum provision in the Franchise Agreement should be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.
5. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.
6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

(Signature Page Follows)

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

RHODE ISLAND
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. The following language is added to Item 17(v) entitled “**Choice of Forum**”:

“A provision of a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.”

2. The following language is added to Item 17(w) entitled “**Choice of Law**”:

“A provision of a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.”

RHODE ISLAND
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between 911 Restoration Franchise Inc., as franchisor (“**Franchisor**”) and _____, as franchisee (“**Franchisee**”). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the Franchise Agreement agree as follows:

1. Any provision of the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
2. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.
3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

SOUTH DAKOTA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

Notwithstanding any provision in the Franchise Agreement that provides for a covenant not to compete upon termination or expiration of the Franchise Agreement, such covenants are generally unenforceable in the State of South Dakota, except in certain instances provided by law. Notwithstanding any provision in the Franchise Agreement that provides for arbitration in a state other than South Dakota, under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with § 11 of the Commercial Arbitration Rules of the American Arbitration Association.

Notwithstanding any provision in the Franchise Agreement that designates any law other than the laws of the State of South Dakota as the governing law, or that specifies that any provision in the Franchise Agreement is to be construed under any law other than the laws of the State of South Dakota, Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota. Contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions contained in the Disclosure Document and Franchise Agreement covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make management service fee payments, must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

VIRGINIA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. Any references in Items 5 and 17 of the Disclosure Document which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.
2. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or other agreements does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

VIRGINIA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “**Addendum**”) dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, by and between 911 Restoration Franchise Inc., as franchisor (“**Franchisor**”) and _____, as franchisee (“**Franchisee**”). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

The undersigned hereby acknowledge and agree that:

1. Any references in the Franchise Agreement which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.
2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
4. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.
5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

[Signatures on the following page]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

911 Restoration Franchise Inc.,
A California corporation

FRANCHISEE:

_____,
A/An _____

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

INDIVIDUAL(S) WITH OWNERSHIP INTEREST IN FRANCHISEE:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

WASHINGTON
**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE
FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

Exhibit D

List of Current Franchisees and Franchisees Who Have Left the System

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2025

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
Dane Chaffee (x2)	3960 E. Palm Street, Suite 5, Mesa, AZ 85215	(480) 734-6148	(480) 734-6148	Arizona - Mesa
Chad Haynes (x3)	1330 Nabholz Ave, Suite #1 Conway, AR 72034	(501) 581-7232	(479) 334-5710	Arkansas - Conway Arkansas - Little Rock
Mihran Hovhannisyan (x2)	5833 Tobias Avenue Sherman Oaks, Ca 91411	(818) 216-4639	N/A	California - Antelope Valley California - Santa Clarita Valley
Josh Kfir (x2)	1026 N Edinburgh Ave., Apt 9, West Hollywood, Ca 90046	(310) 954-7438	(310) 943-7696	California - Burbank
Merlin Salmaninazloo (x4)	18000 Studebaker Rd Suite 700 Cerritos Ca 90703	(818) 312-5704	(818) 214-8464	California - Cerritos
Rajat Mohan (x4)	6841 Village Parkway Ste C, Dublin, CA 94568	(248) 996-3595	N/A	California - San Francisco
Nicolae Maunteen	11460 Via Capri, Loma Linda, CA 92354	(951) 333-5370	(951) 333-5370	California - San Bernardino
Ken McFarland (x4)	1451 Rimpau Ave Ste 105, Corona Ca 92879	(951) 545-5335	(951) 256-1425	California - Chino Hills
Ting Gao (x3)	432 W Hillcrest Blvd Monrovia 91016	(626) 429-5898	N/A	California - Arcadia
Elio Cabral	4830 Burr St, Unit D Bakersfield, Ca 93308	(646) 578-2632	(661) 864-7551	California - Bakersfield
Doron Waldman (x12)	1020 N Batavia St. Suite P Orange, Ca 92867	(562) 335-5965	(949) 502-0002	California - Orange County
RoeE Einhorn (x2)	4123 Lincoln Ave., Culver City, Ca 90232	(310) 600-3780	N/A	California - Redondo Beach

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
Jordan Clarke (x11)	4174 Sorrento Valley Blvd H, San Diego, CA 92121	(858) 242-0536	N/A	California - San Diego
Bernard Azar (x2)	4212 Encinita Ave, Rosemead, CA 91770	(626) 500-5139	(909) 552-9370	California - Rosemead
Nadav Banai (x5)	31007 Minute Man Way, Westlake Village. CA 91361	(310) 919-6647	N/A	California - Santa Monica
Mark Peel (x2)	42580 Morningside Ct., Hemet Ca 92544	(951) 236-9558	N/A	California - Temecula
Omry Elbaz (x6)	7721 Densmore Ave., Van Nuys Ca 91406	(818) 384-6774	(818) 384-6774	California - Van Nuys
Jesse Croft	312 Grape Creek Dr., Canon City, Co 81212	(719) 458-8449	(719) 458-8449	Colorado - Colorado Springs
Glen Valdez (x2)	8400 E Crescent Pkwy #212 Greenwood Village, CO 80111	(303) 242-2811	N/A	Colorado - Greater Denver
Larry Cunnings	2500 W 4th Ave, Suite 3, Denver, CO, 80219	(303) 886-7898	(720) 951-9252	Colorado - Denver Metro
Adam Levy (x12)	5416 Brixham Court Burke, Virginia 22015	(202) 239-9792	(703) 922-6653	District of Columbia
Odilon Maia	503 NW 7th Street, Cape Coral, FL, 33993	(954) 274-3325	N/A	Florida - Naples/Fort Myers
Ronnie Edwards (x4)	501 S Falkenburg Rd, Suite A5, Tampa, FL 33619	(770) 209-3938	(813) 305-2686	Florida - Tampa Bay
Tomas Lelczuk (x45)	3610 Lake Underhill Road Orlando, Florida 32803	(407) 242-4797 (954) 274-3325	(954) 747-7000	Florida - Orlando

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
	4720 Portofino Way, Suite 301 West Palm Beach, Florida 33409 10730 Nw 53rd Street Sunrise, Florida 33351	(954) 274-3325		Florida - West Palm Beach Florida - Miami
Mona Morsi (x2)	1910 Cauley Ave., Panama City Beach, Fl 32407	(850) 774-3870	N/A	Florida - Panama City Beach
Trevor Glenn (x3)	825 Jamerson Road, Suite 205 Marietta, Ga 30066	(214) 476-4751	(770) 702-0975	Georgia - Marietta
Lane Ledford (x2)	924 Kendall Park Dr Winder, Ga 30680	(678) 451-2824	(423) 322-9413	Georgia - Athens
Shashin Bhavsar (x2)	1389 Benbrooke Lane, Acworth, GA 30101	(513) 348-0035	(513) 348-0035	Georgia - Northwest Atlanta
Heather Oelkers	507 S Tiburon, Meridian Id 83642	(208) 954-1760	(208) 231-9909	Idaho - Boise
David Goldstein	17427 S. Ann Drive, Plainfield, IL 60586	(815) 656-0110	(815) 656-0110	Illinois - Will County
Marc Burns (x2)	6915 W 93rd Ave., Crown Point In 46307	(631) 379-1300	N/A	Indiana - Gary
Andy Chihak	6600 Kirkwood Blvd SW, Suite 300, Cedar Rapids, IA 52404	(319) 929-2221	(319) 929-2221	Iowa - Cedar Rapids
Nichoel Gabriele	1353 Park Ave Des Moines, IA 50315	(515) 525-5589	(515) 489-0009	Iowa - Des Moines
Michael Martin (x2)	16091 South Summertree Lane Olathe, Kansas 66062	(913) 227-4578	(913) 626-1930	Kansas - Kansas City Metro
Rick Zigler (x7)	8571 Scarsdale Drive, #E	(317) 695-1601	(317) 695-1601	Indiana - Indianapolis

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
	Indianapolis, Indiana 46256			
Chris Gehlhausen	3115 Howard Dr, Jasper, IN 47546	(812) 631-2171	(812) 631-2171	Indiana - Southern Indiana
Michael Benedic (x2)	266 Moonraker Drive, Slidell, La 70458	(985) 400-8122	(985) 400-8122	Louisiana - New Orleans
Jay Germain (x2)	17309 Brookmeadow Lane Upper Marlboro, MD 20772	(301) 557-0471	(240) 510-3124	Maryland - Upper Marlboro
Darius Stokes	10593 Jack Pine Ln Waldorf, Md 20603	(240) 412-6960	(301) 458-5515	Maryland - Waldorf
Raphael Ikhile	1700 Hartsdale Rd. Baltimore, Md 21239	(978) 590-6221	N/A	Maryland - Baltimore
John DeSantis (x2)	12 Mt. Carmel Road Parkton, Md 21120	(410) 812-1463	(410) 357-4000	Maryland - Parkton
Eric Cho (x3)	7630 Sandhurst Lane Hanover MD 21076	(202) 725-3281	N/A	Maryland - Anne Arundel County
David Jimenez	3 Center St., Peabody, MA 01960	(978) 902-9492	N/A	Massachusetts - Peabody
Joe Vallade (x3)	20201 Arthur Rd, Big Rapids Mi 49307	(231) 287-6076	(231) 287-6076	Michigan - Big Rapids
Patrick Mcdonough (x2)	1030 N Crooks Rd, Suite D, Clawson, Mi 48017	(248) 914-7488	N/A	Michigan - Detroit
Joseph Vallade (x2)	7573 Division Ave S, Ste A, Grand Rapids Mi 49548	(616) 240-0682	(231) 287-6076	Michigan - Kalamazoo
Harpreet Kaur (x3)	37254 Ford Road Westland, Michigan 48185	(248) 246-8020	N/A	Michigan - Metro Detroit
Karmbir Singh	1053 Abbey Rd. Monroe, Mi 48161	(734) 558-3151	N/A	Michigan - Monroe

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
Jeff Madison (x2)	3364 S Reese Rd, Frankenmuth, Mi 48734	(989) 402-7189	N/A	Michigan - Saginaw
Barry Newton (x2)	967 E Commerce Drive, Traverse City, Mi 49685	(231) 342-2045	(231) 600-7470	Michigan - Traverse City
Matt Huff (x4)	17430 Ecorse Road, Allen Park, MI 48101	(734) 353-5674	(248) 246-8020	Michigan - Metro Detroit East
Jared Reese/Richard Vasquez (x4)	4725 Highway 7, St. Louis Park, Minnesota 55416	(763) 496-8340	(763) 363-5062	Minnesota- Minneapolis
Scott Pulliam (x2)	200 Grants Ferry Road, Suite A, Brandon, MS 39047	(601) 278-6983	N/A	Mississippi - Biloxi Alabama - Mobile
Richard Sims	144 Fieldstone Lane Madison, Mississippi 39110	(601) 707-5463	(601) 707-5463	Mississippi - Jackson
Jason Sommerville (x2)	2100 East Truman Rd, KC MO 64106	(816) 820-2384	N/A	Missouri - Independence
Dustan White (x2)	218 N 5th St, Moberly, Mo 65270	(660) 833-1632	N/A	Missouri
Spencer Bingham (x2)	8561 Pinellia Ct. Las Vegas, Nv 89149	(702) 858-8006	N/A	Nevada - Las Vegas
Vlad Mesheryakov	6385 S. Rainbow Blvd., Suite 120, Las Vegas, Nv 89118	(702) 934-4014	(702) 934-4014	Nevada - Las Vegas
Miguel DeLeon	20 Nutman PL., West Orange, NJ 07052	(973) 809-2339	N/A	New Jersey - Verona
Hirad Jadiri Sorkhabi	560 Sylvan Ave., Suite 3160, Englewood Cliffs, NJ 07632	(201) 706-0004	N/A	New Jersey - Eastern Bergen County
Ronny Garcia	34 Broadman Parkway, Jersey City, NJ, 07305	(201) 780-4801	(201) 884-4203	New Jersey - Jersey City

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
Ivan Almeida	2329 Colonial Drive, Rahway, NJ 07065	(973) 951-6673	N/A	New Jersey - Rahway
Ed Betamour	141 Long Hill Rd., Oakland, NJ 07436	(201) 961-5656	N/A	New Jersey - Western Bergen County
Robin Yaeger	38 Mechanic St, Akron, Ny 14001	(716) 992-7663	N/A	New York - Buffalo
Christopher Poulin	4583 Longley Lane Reno, Nv, 89502	(775) 203-4750	(775) 419-0116	Nevada - Reno
Dennell Glover	2125 Tarleton Dr, Matthews, Nc 28105	(240) 310-5032	N/A	North Carolina - Charlotte
Nolan Camp	257 Darel St, Rocky Point, NC, 28457	(910) 444-9545	N/A	North Carolina - Coastal Carolina
Ryan Strickland (x3)	5843 Ramsey St. Fayetteville, Nc. 28311	(910) 689-6459	(910) 584-4348	North Carolina - Fayetteville South Carolina - Myrtle Beach
Joseph Epperson (x3)	5407 Tory Hill Dr Greensboro, Nc 27410	(336) 580-4037	N/A	North Carolina - Greensboro North Carolina - Durham North Carolina - Winston-Salem
Rick Goss	276 Cooper Farm Rd Statesville, Nc 28625	(980) 759-3116	(828) 292-0510	North Carolina-Statesville
Donte Stewart	307 Cleveland Ave Nw, Suite 101, Canton Oh 44702	(330) 354-9549	(330) 354-9549	Ohio - Canton
Mo Marei	4178 Leap Road, Hilliard, OH, 43026	(614) 967-5965	(614) 965-5035	Ohio - Columbus
Craig Abbott (x4)	838 W Will Rogers Blvd Claremore, Ok 74017	(918) 639-3528	(918) 637-6634	Oklahoma - Tulsa Oklahoma - Oklahoma City
Travis DeVry	2728 W Main St, Medford Or 97501	(541) 816-7035	N/A	Oregon - Medford
Yoav Gueron (x9)	15705 Se Mcloughlin Blvd	(503) 990-3499	N/A	Oregon - Portland

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
	Portland, Oregon 97267			
Daniel Atchison (x2)	909 4th St, Springfield OR 97477	818-522-6986	(818) 522-6986	Oregon - Springfield
Kyrie Muffly (x2)	630 Beaver Creek Rd, Hagerstown, Md, 21740	(717) 343-6802	N/A	Pennsylvania - Harrisburg
Dakota Andekin	354 Spindle Wood Way, Charleston Sc, 29414	(760) 793-5385	(843) 991-5881	South Carolina - Charleston
Greg Warren (x3)	815 Lexington Circle, Manchester, Tn 37355	(931) 588-9498	N/A	Tennessee - Manchester
Patrick Jones	8115 East Brainerd Road, Suite 100 Chattanooga Tn	(423) 421-2625	N/A	Tennessee - Chattanooga
Ronald Demeter	2130 Houston Bend Lebanon TN. 37087	615-486-8396	N/A	Tennessee - Lebanon
Eric Singh (x3)	4111 Nw Highway 80 Ste 203 Mesquite, Tx, 75150	(817) 495-7076	(817) 495-7076	Texas - East Dallas
Mayte Montoya	27418 Clematis Fls, Boerne, Tx 78015	(830) 375-1501	(830) 375-1501	Texas - Boerne
Nina Rodriguez	101 Jude Cir, Leander, Tx 78641	(512) 718-3553	(512) 718-3553	Texas - Austin
Josh Melendez (x2)	15502 Highway 3, Suite 204, Webster, TX, 77598	(708) 502-8081	N/A	Texas – Southern Houston
Rachel Robinson	406 County Road 2788, Sunset, TX, 76270	(940) 783-1642	(817) 554-3849	Texas - North Texas
Harpreet Kaur (x2)	15555 Tradesman St #200 San Antonio, Tx. 78249	(734)330-3556	(248) 246-8020	Texas - San Antonio
Yoav Gueron (x4)	3690 South 500 West Suite# 106 Salt Lake City, Ut, 84115	(801)574-9861	N/A	Utah - Salt Lake City

NAME	ADDRESS	PHONE NUMBER	Office Phone Number	TERRITORY
Quinten Rowley	461 Churchill Dr., St George Ut 84790	(951) 665-4322	N/A	Utah - St George
Hank Miller (x3)	5660 E. Virginia Beach Blvd., Suite 201 Norfolk, Virginia 23502	(757) 513-5189	(757) 324-5276	Virginia - Hampton Roads
Richard & Jarcelyn Snyder (x2)	4222 Fortuna Center Plaza #260 Dumfries, Va 22025	(703) 906-5365	N/A	Virginia - Woodbridge
Jeremy Herzog	501 Iowa St, Oshkosh, WI 54902	(920) 254-9205	(920) 355-3377	Wisconsin - Ohkosh
Joe Minsky (x2)	6506 E River Rd, Caldeonia, WI, 53402	(773) 208-3530	(414) 436-4647	Wisconsin - SE Wisconsin
Kelly Jackson (x2)	316 E Silver Spring Dr., Ste 208a, Milwaukee Wi 53217	(414) 732-4540	(262) 283-4448	Wisconsin - Milwaukee
Tony Holm	11 Rorke Rd Unit 5, P.O. Box 5569 Etna, Wy 83118-5569	(307) 413-8285	N/A	Wyoming - Star Calley

NOTE: Several of our franchisees were renewed in 2017 and 2022 which resulted in the split of several territories into multiple franchise agreements.

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

LIST OF FRANCHISEES WHO HAVE SIGNED AN AGREEMENT BUT WERE NOT OPEN AS OF DECEMBER 31, 2025

NAME	ADDRESS	PHONE NUMBER	TERRITORY
Rachel Robinson	406 County Road 2788 Sunset TX 76270	(817) 554-3849	Texas - North Texas
Paul Oreziak	48 CHAMPLIN ST, RONKONKOMA, NY 11779	(631) 539-1687	New York - South Shore
Joe Minsky	6506 E RIVER RD CALEDONIA, WI 53402	(773) 208-3530	Wisconsin - SE Wisconsin

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

**LIST OF FRANCHISEES WHO HAD AN OUTLET TERMINATED, NOT RENEWED,
REACQUIRED BY FRANCHISOR, OR CEASED OPERATIONS FOR OTHER
REASONS AS OF DECEMBER 31, 2025**

NAME	ADDRESS	STATE	PHONE NUMBER	STATUS
Damarris Yuille	807 Mattmoore Place, Newport News, VA 23601	VA	(757) 871-8691	Non Renewal
Jeff Kyzer	19023 Windsor Palms Dr, Houston TX 77094	TX	(225) 202-0643	Terminated
Isaac Clark	450 Antelope Blvd, Suite 46 Red Bluff, CA 96080	CA	(530) 395-9967	Terminated
Russell Redding	102 Alex Way, Maryville TN 37801	TN	(865) 659-8140	Terminated
Lon LHeureaux	2544 Cowley Dr, Lafayette, CO 80026	CO	(720) 935-7366	Terminated

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

Exhibit E

Financial Statements



The Fresh Start Company

911 RESTORATION FRANCHISE INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025



911 RESTORATION FRANCHISE INC.

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Independent Auditor's Report

To the Stockholders
911 Restoration Franchise Inc.
Van Nuys, California

Opinion

We have audited the accompanying financial statements of 911 Restoration Franchise Inc., which comprise the balance sheet as of December 31, 2025, and the related statements of operations, stockholders' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 911 Restoration Franchise Inc. as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kezas & Dunlay

St. George, Utah
May 19, 2026

911 RESTORATION FRANCHISE INC.

BALANCE SHEET As of December 31, 2025

	2025
Assets	
Current assets	
Cash and cash equivalents	\$ 1,789,256
Accounts receivable, net	1,156,596
Prepaid expenses and other assets	96,236
Total current assets	<u>3,042,088</u>
Non-current assets	
Right of use asset	72,992
Total non-current assets	<u>72,992</u>
Total assets	<u><u>\$ 3,115,080</u></u>
Liabilities and Stockholders' Deficit	
Current liabilities	
Accounts payable and accrued expenses	\$ 981,853
National advertising fund liability	787,644
Customer deposits	225,000
Operating lease liability, current	71,197
Deferred revenue, current	289,162
Note payable, current	381,055
Total current liabilities	<u>2,735,911</u>
Non-current liabilities	
Operating lease liability, non-current	6,066
Deferred revenue, non-current	481,580
Note payable, non-current	1,852,017
Total non-current liabilities	<u>2,339,663</u>
Total liabilities	<u>5,075,574</u>
Stockholders' deficit	
Common stock	100
Treasury stock	(3,900,000)
Due from related parties	(368,032)
Retained earnings	2,307,438
Total stockholders' deficit	<u>(1,960,494)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 3,115,080</u></u>

The accompanying notes are an integral part of the financial statements.

911 RESTORATION FRANCHISE INC.

STATEMENT OF OPERATIONS For the year ended December 31, 2025

	<u>2025</u>
Operating revenue	
Royalty and marketing fees	\$ 5,542,531
Service revenue	4,322,756
Initial franchise fees	534,665
Other operating revenue	106,725
Total operating revenue	<u>10,506,677</u>
 Cost of revenue	 <u>3,726,638</u>
Gross profit	6,780,039
 Operating expenses	
General and administrative	5,132,982
Professional fees	602,640
Advertising and marketing	608,396
Total operating expenses	<u>6,344,018</u>
Income from operations	436,021
 Non-operating expense	
Interest expense	<u>265,431</u>
Total non-operating expense	<u>265,431</u>
Net income	<u><u>\$ 170,590</u></u>

The accompanying notes are an integral part of the financial statements.

911 RESTORATION FRANCHISE INC.

STATEMENT OF STOCKHOLDERS' DEFICIT

For the year ended December 31, 2025

	Common Stock	Treasury Stock	Due from Related Parties	Retained Earnings	Total
Balances as of January 1, 2025	\$ 100	\$ (3,900,000)	\$ (368,032)	\$ 2,360,334	\$ (1,907,598)
Stockholder distributions	-	-	-	(223,486)	(223,486)
Net income	-	-	-	170,590	170,590
Balances as of December 31, 2025	<u>\$ 100</u>	<u>\$ (3,900,000)</u>	<u>\$ (368,032)</u>	<u>\$ 2,307,438</u>	<u>\$ (1,960,494)</u>

The accompanying notes are an integral part of the financial statements.

911 RESTORATION FRANCHISE INC.

STATEMENT OF CASH FLOWS For the year ended December 31, 2025

	<u>2025</u>
Cash flow from operating activities:	
Net income	\$ 170,590
Adjustments to reconcile net income to net cash provided by operating activities:	
Bad debt expense	383,740
Changes in operating assets and liabilities:	
Accounts receivable	(448,206)
Prepaid expenses and other assets	(6,150)
Operating lease asset and liability	4,271
Accounts payable and accrued expenses	601,625
Credit card liability	285,457
Customer deposits	180,000
Deferred revenue	(90,832)
Net cash provided by operating activities	<u>1,080,495</u>
Cash flows from financing activities:	
Net repayments on note payable	(342,541)
Stockholder distributions	(223,486)
Net cash used in financing activities	<u>(566,027)</u>
Net change in cash and cash equivalents	514,468
Cash at the beginning of the year	<u>1,274,788</u>
Cash at the end of the year	<u><u>\$ 1,789,256</u></u>
Supplementary disclosures of cash flows	
Cash paid for interest	\$ 265,431
Cash paid for taxes	\$ -

The accompanying notes are an integral part of the financial statements.

911 RESTORATION FRANCHISE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

911 Restoration Franchise Inc. (the “Company”) was incorporated in California on March 15, 2007. The Company’s primary business is as a franchisor of emergency restoration services.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts.

When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2025, the Company had allowance for uncollectible accounts of \$188,190.

911 RESTORATION FRANCHISE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

(f) Leasing

The Company has adopted ASC 842, *Leases*. The Company has operating leases for office space. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the lease term, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company's cash flows.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

(g) Revenue Recognition

The Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, service revenue, as well as royalties and marketing fees based on a percentage of gross revenues.

Service revenue

Revenue from restoration emergency response national accounts services is billed by the Company to the customers of the franchisee. The revenue and the amount of the revenue due to the franchisee is recognized as revenue and expense upon the completion and acceptance of the services by the franchisee's customer.

Royalty and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalties are to be recognized in the same period as the underlying sales.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business

911 RESTORATION FRANCHISE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

- Inspection, testing, and other quality control programs

In determining the allocation of the transaction price (the initial franchise fee) between the license and the pre-opening services, the Company allocates a portion of the initial franchise fee to the pre-opening services based on their relative standalone selling price, with the remaining balance allocated to the franchise license. The portion allocated to pre-opening services is recognized as revenue when those services have been completed (which generally occurs upon commencement of the associated franchised location's operations), while the portion allocated to the license is recognized as revenue over the term of the franchise agreement, which is usually 7 years.

(h) Income Taxes

The Company has elected to be treated as an S corporation for income tax purposes. As such, the Company's income, losses, and credits are included in the income tax returns of its stockholders.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2025, the 2024, 2023, and 2022 tax years are subject to examination.

(i) Advertising Costs

The Company expenses advertising costs as incurred. Advertising expenses totaled \$608,396 for the year ended December 31, 2025.

(j) Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. For certain of the Company's financial instruments, including cash and cash equivalents and accounts receivable, the carrying amounts approximate fair value due to their short maturities.

(k) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) National Advertising Fund Liability

The Company has established a national advertising fund to provide regional and national advertising for the benefit of the franchisees. The national advertising fund fees are 1% monthly collected sales, are billed monthly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent, are recorded as a liability on the balance sheet.

(3) Notes Payable

On September 14, 2020, the Company entered into a promissory note with a bank. The note has an original face principal balance of \$3,800,000, accrues interest at an annual rate of 6.0% and requires monthly payments of \$42,188 through 2031. The current portion represents the estimated principal payments due in the coming twelve-month period.

911 RESTORATION FRANCHISE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

(4) Customer Deposits

In the normal course of business, the Company collects initial franchise fees from franchisees before a franchise agreement is signed. These funds are deferred as a current liability on the balance sheet. Upon execution of a franchise agreement, the deposits are reclassified as deferred revenue.

(5) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalties to the Company based on a percentage of gross revenues. Under the franchise agreement, franchisees are granted the right to operate a location for a period of seven years. Under the Company's revenue recognition policy, the Company allocates a portion of the initial franchise fee to pre-opening services, which is recognized those services are performed (generally when the franchisee begins operations). The remainder is deferred, and the revenue is amortized over the life of the contract. In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs.

Disaggregated franchise fee revenue based on the satisfaction of performance obligations in the Company's contracts with franchisees is as follows for the years ended December 31:

	2025
Performance obligations satisfied at a point in time	\$ 320,000
Performance obligations satisfied over the life of the contract	214,665
Total initial franchise fee revenue	<u>\$ 534,665</u>

The Company's deferred revenue activity is as follows for the years ended December 31:

	2025
Beginning deferred revenue	\$ 861,574
Additions	443,833
Revenue recognized from beginning deferred revenue	(363,822)
Revenue recognized from contracts executed in the current year	<u>(170,843)</u>
Ending deferred revenue	<u>\$ 770,742</u>
Deferred revenue, current	\$ 289,162
Deferred revenue, non-current	481,580
	<u>\$ 770,742</u>

911 RESTORATION FRANCHISE INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

(6) Operating Lease

The Company is the lessee in an operating lease for office space, which expires in 2027. As of December 31, 2025, the Company recorded a right of use asset of \$72,992. As of December 31, 2025, the Company had the following current and non-current operating lease liability:

	2025
Operating lease liabilities, current	\$ 71,197
Operating lease liabilities, non-current	6,066
	<u>\$ 77,263</u>

As of December 31, 2025, the future minimum lease payments under non-cancelable operating leases are as follows:

For the year ended December 31,	
2026	\$ 73,445
2027	6,135
Total lease payments	<u>79,580</u>
Less: amounts representing interest (discount rate of 5%)	<u>(2,317)</u>
Total operating lease liability	<u>\$ 77,263</u>

(7) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(8) Subsequent Events

Management has reviewed and evaluated subsequent events through May 19, 2026, the date on which the financial statements were available to be issued.

911 RESTORATION FRANCHISE, INC.

FINANCIAL REPORT
AS OF DECEMBER 31, 2024



911 RESTORATION FRANCHISE, INC.

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Independent Auditor's Report

To the Stockholders
911 Restoration Franchise, Inc.
Van Nuys, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 911 Restoration Franchise, Inc. which comprise the balance sheets as of December 31, 2024, and 2023 and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for the years ended December 31, 2024, 2023 and 2022 and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of 911 Restoration Franchise, Inc. as of December 31, 2024 and 2023 and the results of its operations and its cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 911 Restoration Franchise, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 911 Restoration Franchise, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Office: (303) 999-6485



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 911 Restoration Franchise, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 911 Restoration Franchise, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Reese CPA LLC

Ft. Collins, Colorado
March 28, 2025

911 RESTORATION FRANCHISE, INC.
BALANCE SHEETS

	AS OF DECEMBER 31,	
	<u>2024</u>	<u>2023</u>
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 1,274,788	\$ 1,343,132
Accounts receivable	1,092,130	1,245,042
Prepaid expense	1,350	1,350
TOTAL CURRENT ASSETS	<u>2,368,268</u>	<u>2,589,524</u>
NON-CURRENT ASSETS		
Assets held for sale	88,736	88,736
TOTAL ASSETS	<u><u>\$ 2,457,004</u></u>	<u><u>\$ 2,678,260</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 380,228	\$ 367,171
National advertising fund payable	502,187	543,871
Customer deposits	45,000	45,000
Current portion of non-refundable deferred franchise fees	403,060	492,062
Current portion of long-term debt	336,675	289,032
TOTAL CURRENT LIABILITIES	<u>1,667,150</u>	<u>1,737,136</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	2,238,938	2,578,168
Non-refundable deferred franchise fees	458,514	691,574
TOTAL LIABILITIES	<u>4,364,602</u>	<u>5,006,878</u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock	100	100
Undistributed earnings	2,360,334	1,904,313
Due from related parties	(368,032)	(333,031)
	<u>1,992,402</u>	<u>1,571,382</u>
Less treasury stock	(3,900,000)	(3,900,000)
TOTAL STOCKHOLDER'S EQUITY (DEFICIT)	<u>(1,907,598)</u>	<u>(2,328,618)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u><u>\$ 2,457,004</u></u>	<u><u>\$ 2,678,260</u></u>

The accompanying notes are an integral part of these financial statements.

911 RESTORATION FRANCHISE, INC.
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
REVENUES			
Franchise fees	\$ 651,702	\$ 436,175	\$ 792,174
Royalty fees	5,451,628	6,948,024	5,765,951
Service fees	4,152,898	4,479,026	4,279,316
Equipment and supply sales	55,727	247,544	188,335
Advertising fund contributions	729,763	110,745	-
Other revenue	292,397	43,989	-
TOTAL REVENUES	11,334,115	12,265,503	11,025,776
COST OF GOODS AND SERVICES SOLD	4,046,977	5,085,341	4,423,674
GROSS PROFIT	7,287,138	7,180,162	6,602,102
OPERATING EXPENSES			
Payroll and related costs	3,168,089	2,858,891	2,397,299
General and administrative	1,415,299	1,719,932	1,581,309
Advertising fund costs	729,763	110,745	-
Franchise development costs	665,513	869,965	848,360
Professional fees	345,799	796,502	970,043
Depreciation and amortization	-	-	183
TOTAL OPERATING EXPENSES	6,324,463	6,356,035	5,797,194
OPERATING INCOME	962,675	824,127	804,908
OTHER INCOME (EXPENSE)			
Other income	-	324,748	89,955
Interest income	3,319	4,313	8,375
Interest expense	(326,336)	(327,814)	(236,530)
TOTAL OTHER INCOME (EXPENSE)	(323,017)	1,247	(138,200)
NET INCOME	\$ 639,658	\$ 825,374	\$ 666,708

The accompanying notes are an integral part of these financial statements

911 RESTORATION FRANCHISE, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Common Stock	Undistributed Earnings	Stockholder's Equity Before Treasury Stock	Treasury Stock	Total Stockholder's Equity
BALANCE, DECEMBER 31, 2021	100	\$ 1,713,659	\$ 1,713,759	\$ (3,900,000)	\$ (2,186,241)
Distributions to shareholder	-	(753,300)	(753,300)	-	(753,300)
Net income	-	666,708	666,708	-	666,708
BALANCE, DECEMBER 31, 2022	100	1,627,067	1,627,167	(3,900,000)	(2,272,833)
Distributions to shareholder	-	(548,128)	(548,128)	-	(548,128)
Net income	-	825,374	825,374	-	825,374
BALANCE, DECEMBER 31, 2023	100	1,904,313	1,904,413	(3,900,000)	(1,995,587)
Distributions to shareholder	-	(183,637)	(183,637)	-	(183,637)
Net income	-	639,658	639,658	-	639,658
BALANCE, DECEMBER 31, 2024	<u>\$ 100</u>	<u>\$ 2,360,334</u>	<u>\$ 2,360,434</u>	<u>\$ (3,900,000)</u>	<u>\$ (1,539,566)</u>

The accompanying notes are an integral part of these financial statements.

911 RESTORATION FRANCHISE, INC.
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	\$ 639,658	\$ 825,374	\$ 666,708
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	-	-	183
Recognition of non-refundable deferred franchise fees	(685,762)	(393,725)	(842,628)
Write down of accounts receivable	-	-	97,918
Change in assets and liabilities:			
Accounts receivable	152,912	(360,162)	298,095
Accounts payable and accrued expenses	13,057	(422,567)	(362,984)
National advertising fund payable	(41,684)	543,871	-
Customer deposits	-	-	5,000
Non-refundable deferred franchise fees	363,700	532,250	769,000
Net cash provided by operating activities	441,881	725,041	631,292
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of assets held for sale	-	(975)	(24,761)
Net cash (used) in investing activities	-	(975)	(24,761)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions to stockholders	(183,637)	(548,128)	(753,300)
Repayments of long-term debt	(291,587)	(228,054)	(284,639)
Advances to related parties	(35,001)	(10,000)	(62,614)
Net cash (used) in financing activities	(510,225)	(786,182)	(1,100,553)
NET INCREASE (DECREASE) IN CASH	(68,344)	(62,116)	(494,022)
CASH, beginning of year	1,343,132	1,405,248	1,899,270
CASH, end of year	<u>\$ 1,274,788</u>	<u>\$ 1,343,132</u>	<u>\$ 1,405,248</u>

The accompanying notes are an integral part of these financial statements.

**911 RESTORATION FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

911 Restoration Franchise, Inc. ("the Company") was formed as a California Corporation on March 15, 2007. The Company offers franchises for the right to operate 911 Restoration emergency response service businesses which provide emergency clean-up from fire damage, water damage, mold damage and mold inspections, carpet cleaning, duct cleaning and crawl space cleaning within a certain geographic area.

Affiliates

911 Restoration Franchise Canada Inc. ("911 Canada"). 911 Canada was incorporated in the Canada British Columbia on October 13, 2022, and sells franchises exclusively in the Nation of Canada and does not and has not offered franchises in the United States.

A summary of significant accounting policies follows:

Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

Preparation of the Company's financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less at the date of purchase to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2024, and 2023.

Accounts Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not record an allowance for uncollectible accounts at December 31, 2024, and 2023. Bad debt expense and accounts receivable written off was \$64,659, \$1,951, and \$12,320 for the years ended December 31, 2024, 2023 and 2022, respectively.

**911 RESTORATION FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally five to seven years).

Assets Held for Sale

Assets held for sale consist of franchise rights acquired.

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets

The Company recognizes revenues under the guidance of ASC 606, “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements with the Company’s franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a qualified party purchases a 911 Restoration franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos (“symbolic intellectual property” or “IP”). Revenues related to the designated territory and IP are continuing monthly royalty fees are defined in the franchise agreement and vary by the type of franchise purchased, the type of service rendered, by the number of years in the franchise system and gross sales volume. The percentage of gross revenue charged for restoration services varies between 2% and 10%. The percentage of gross revenue charged for non-restoration services varies between 1% to 3%. Revenue from continuing monthly royalty fees is billed monthly and is recognized as revenue when earned. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as an expense when the related performance obligation has been satisfied.

**911 RESTORATION FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

National Advertising Fund Contribution

The Company has established a national advertising fund to provide regional and national advertising for the benefit of the franchisees. The national advertising fund fees are 1% monthly collected sales, are billed monthly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent, are recorded as deferred revenue on the balance sheet. As of December 31, 2024, and 2023, \$502,187, and \$543,871 was included as a current liability in the attached balance sheets, respectively.

Service Fee Revenue

Revenue from restoration emergency response national accounts services is billed by the Company to the customers of the franchisee. The revenue and the amount of the revenue due to the franchisee is recognized as revenue and expense upon the completion and acceptance of the services by the franchisee's customer.

Income Taxes

The Company has elected to be treated as Sub Chapter S corporation for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its stockholders and no provision for federal or state income taxes has been recorded in the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

Advertising

Advertising costs are charged to expense as incurred. Advertising costs were \$241,976, \$695,689, and \$584,968 for the years ended December 31, 2024, 2023, and 2022.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company deposits its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

911 RESTORATION FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

For the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

Recently Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2024	2023
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	\$ 1,183,636	\$ 1,045,111
Deferral of non-refundable franchise fees	363,700	532,250
Recognition of non-refundable franchise fees	(685,762)	(393,725)
Balance at End of Year	<u>\$ 861,574</u>	<u>\$ 1,183,636</u>

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2024, is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2025	\$ 403,060
2026	166,113
2027	135,200
2028	92,721
2029	44,452
Thereafter	20,028
	<u>\$ 861,574</u>

**911 RESTORATION FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	\$ 11,053,353	\$ 12,021,778	\$ 10,598,148
Performance obligations satisfied by the passage of time	280,762	243,725	427,628
Total revenues	<u>\$ 11,334,115</u>	<u>\$ 12,265,503</u>	<u>\$ 11,025,776</u>

NOTE 3 – LONG TERM DEBT

The following is a summary of long-term debt at December 31:

	2024	2023
Note payable SBA loan with a bank. Face amount of \$3,800,000, payable in 120 monthly installments of \$52,200 including interest at a variable rate of Prime +2.75% (currently 10.25%). Final payment is due on September 14, 2030. Collateralized by the assets of the Company and the personal guaranty of the shareholders of the Company.	\$ 2,575,613	\$ 2,867,200
Less current maturities	(336,675)	289,032)
	<u>\$ 2,238,938</u>	<u>\$ 2,578,168</u>

The maturities of the long-term debt are as follows:

Year ending December 31:	
2025	\$ 336,675
2026	377,830
2027	423,860
2028	474,879
2029	532,874
Thereafter	429,495
	<u>\$ 2,575,613</u>

Interest expense on the long-term debt were \$326,219, \$327,814, and \$236,249 for the years ended December 31, 2024, 2023 and 2022, respectively.

**911 RESTORATION FRANCHISE, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – TRANSACTIONS WITH STOCKHOLDERS AND AFFILIATES

Treasury Stock

During 2020 The Company paid \$3,900,000 to purchase the entire shareholder interest from one of the Company's principal shareholders.

Advances to Shareholders and Receivable from Related Parties

The Company has made certain advances to the Company's shareholders.

From time to time the Company provides sales and administrative services to the Company's affiliates. As of December 31, 2024, and 2023 the amount owed to the Company by the affiliates for those services was \$154,109, and \$119,109 and is aggregated in the advances to related parties reported as a component of stockholders' equity.

Advances are not collateralized, noninterest bearing and due on demand. Advances due from Shareholders as of December 31, 2024, and 2023 were \$213,922 and \$213,922, respectively. The advances are reported as a component of stockholders' equity (deficit) in the accompanying balance sheets as the net advances do not have stated repayment terms.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Litigation:

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 6 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 28, 2025, the date on which the financial statements were available to be issued.

Exhibit F

Franchisee Compliance Certificate

FRANCHISE COMPLIANCE CERTIFICATE

The undersigned Franchisee desires to enter into a Franchise Agreement with 911 Restoration Franchise Inc., a California corporation (“**Franchisor**”). Franchisor requires that Franchisee complete this Questionnaire in order to enable Franchisor to confirm that Franchisor and its employees and representatives have fully complied with all applicable franchise registration and disclosure laws.

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATE OF CALIFORNIA DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

THIS FRANCHISE COMPLIANCE CERTIFICATE MAY NOT BE SIGNED OR USED IF THE FRANCHISEE RESIDES WITHIN, OR IF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN THE STATE OF MARYLAND OR THE STATE OF WASHINGTON.

1. Full name of Franchisee:

2. Franchised Location:

3. Franchisee is: (Check applicable box)

☐ An individual,

☐ A corporation,

☐ A general partnership,

☐ A limited partnership,

☐ A limited liability company

4. If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of Franchisee: (Check applicable box)

☐ Officer (insert title): _____

☐ General Partner: _____

☐ Other (please explain): _____

5. Did Franchisee receive a Franchise Disclosure Document from Franchisor? ☐ Yes ☐ No

6. On what date was the Franchise Disclosure Document received, and by whom?

Recipient: _____

Date: _____

7. Below, please indicate the contracts proposed to be executed by Franchisee in connection with execution of the Franchise Agreement (the “**Agreements**”) and the date that the final form of each of the Agreements was delivered to Franchisee:

	<u>Agreement</u>	<u>Date Received</u>
☐	Franchise Agreement	_____
☐	Area Development Agreement	_____
☐	_____	_____
☐	_____	_____

8. Name of salesperson(s) handling this sale for Franchisor:

9. Were any oral or written statements made to the Franchisee by Franchisor, the salesperson(s) listed above, or any other representatives of Franchisor concerning the actual sales, profits or earnings of any franchised or company-owned unit(s), or potential sales, profits or earnings that could be anticipated at any location? ☐ Yes ☐ No.

If yes, please explain in detail (attach additional sheet if necessary) and if none, write “none”:

10. Did Franchisee carefully review and understand the Franchise Disclosure Document and the Franchise Agreement, as applicable, and the other Agreements? ☐ Yes ☐ No

If no, please explain:

11. Did Franchisee ask Franchisor any questions concerning the Franchise Disclosure Document or Agreements that were not satisfactorily answered? ☐ Yes ☐ No

If yes, please explain:

12. Did the salesperson(s) listed above, or any other employee or representative of Franchisor, make any statement to Franchisee which is inconsistent with the information described in the Franchise Disclosure Document? ☐ Yes ☐ No

If yes, please explain:

13. Did any employee or other person on Franchisor's behalf make any statement or promise about Franchisor's affiliated companies other than the information contained in the Franchise Disclosure Document?

☐ Yes ☐ No

If yes, please explain:

14. Did Franchisee contact other franchisees of Franchisor to discuss Franchisee's possible execution of the Franchise Agreement? ☐ Yes ☐ No

15. If your answer to question 14 was yes, please identify these franchisees (attach extra sheets if necessary):

16. Did Franchisee employ an attorney to render advice to Franchisee concerning the execution of the Franchise Agreement? ☐ Yes ☐ No.

If yes, please insert the name address and telephone number of such attorney:

17. Did Franchisee consult with an accountant or other financial advisor in connection with the execution of the Franchise Agreement? ☐ Yes ☐ No.

If yes, please insert the name address and telephone number of such accountant or financial advisor:

☐ Accountant

☐ Other (please describe) _____

18. Has Franchisee, directly or through one or more affiliated business entities, previously owned and/or operated a business similar to a 911 Restoration Franchised Business ☐ Yes ☐ No; if “yes”, how many, where and for how long? _____.

19. Has Franchisee, directly or through one or more affiliated business entities, previously owned and/or operated a 911 Restoration Franchised Business ☐ Yes ☐ No; if “yes”, for how long? _____.

20. If Franchisee has checked “yes” to question 19, Franchisee represents and agrees that Franchisee is entering into the Franchise Agreement based on Franchisee’s own knowledge of, and experience with the 911 Restoration System, and not in reliance upon any statements or information made or provided, or alleged to have been made or provided, by Franchisor or its affiliates, or any of its or their officers, directors, agents, employees or representatives.

AGREED: _____
Franchisee’s Initials

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN THE STATE OF CALIFORNIA: DO NOT COMPLETE THIS QUESTIONNAIRE OR RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

This Franchise Compliance Certificate does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Franchisee understands that Franchisor is acting in reliance on the truthfulness and completeness of Franchisee's responses to the questions above in entering into the Franchise Agreement with Franchisee.

[Signatures on the following page]

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

Exhibit G

Form Of General Release

GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this “**Release Agreement**”) is made and entered into as of _____ (the “**Effective Date**”), by and among **911 RESTORATION FRANCHISE INC.**, a California corporation (“**Franchisor**”), on the one hand, and _____, a _____ (“**Franchisee**”), and _____ (“**Owner**”), on the other hand, who are collectively referred to in this Release Agreement as the “**Releasing Parties**”, with reference to the following facts:

A. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____ (the “**Franchise Agreement**”) for the 911 Restoration Franchised Business (the “**911 Restoration Franchised Business**”) located at _____ (the “**Franchised Location**”).

B. Franchisee desires to enter into a _____.

C. This Release Agreement has been requested at a juncture in the relationship of the parties where Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a “clean slate” and that there are no outstanding grievances or Claims against it. Releasing Parties, therefore, gives this Release Agreement as consideration for receiving the agreement of Franchisor to an anticipated change or expansion of the relationship between the parties. Releasing Parties acknowledges that this Release Agreement is intended to wipe the slate clean.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Definitions. As used herein, the following capitalized terms have the meanings ascribed to them.

1.1 “**Claims**” means all actual and alleged claims, demands, Losses, charges, agreements (whether written or oral), covenants, responsibilities, warranties, obligations, contracts (whether oral or written), debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys’ fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature.

1.2 “**Constituents**” means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

1.3 “**Excluded Matters**” means Franchisor’s continuing contractual obligations which arise or continue under and pursuant to the Franchise Documents on and after the date of this Release Agreement (this Release Agreement is not intended to terminate or amend the Franchise Agreement; this Release Agreement is intended to relieve Franchisor and

its Constituents of responsibility for its or their failure, if any, to have timely performed or completed obligations which by the terms of the Franchise Agreement were to have been performed or completed prior to the Effective Date).

1.4 **“Franchisor Released Parties”** means Franchisor and each of its Constituents.

1.5 **“Losses”** means all damages, debts, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys’ fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration.

2. **General Release Agreement.** Releasing Parties, for themselves and their Constituents, hereby release and forever discharge the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and obligations under this Release Agreement.

3. **Waiver of Section 1542 of the California Civil Code.**

3.1 ***Releasing Parties, for themselves and their Constituents, acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:***

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

3.2 ***With respect to those Claims being released pursuant to Section 2, Releasing Parties, for themselves and their Constituents, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 3, Releasing Parties shall be considered to be creditors of the Franchisor Released Parties, and each of them.***

3.3 ***Releasing Parties acknowledge that this general release extends to Claims which Releasing Parties do not know or suspect to exist in favor of Releasing Parties at the time of executing this Release Agreement, which if known by Releasing Parties may have materially affected their decision to enter into this Release Agreement. It is understood by Releasing Parties that the facts under which this Release Agreement is given may hereafter turn out to be other than or different from the facts known or believed to be true. Releasing Parties therefore, expressly assume the risk of the facts turning out to be so different and agree that this Release***

Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. Representations and Warranties. Releasing Parties hereby represent and warrant to the Franchisor that, in entering into this Release Agreement, they (i) are doing so freely and voluntarily upon the advice of counsel and business advisor of their own choice (or declined to do so, free from coercion, duress or fraud); (ii) have read and fully understand the terms and scope of this Release Agreement; (iii) realize that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are released by this Release Agreement now or in the future, that they are aware of no third party who contends or claims otherwise, and that they shall not purport to assign, transfer, or convey any such Claim hereafter.

5. Covenants Not to Sue. Releasing Parties hereby irrevocably covenant to refrain from, directly or indirectly, asserting any Claim or demand, or commencing, initiating or causing to be commenced, any proceeding of any kind against any of the Franchisor Released Parties based upon any matter released hereby.

6. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to the Franchisor Released Parties, Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third-party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasing Parties or their Constituents of any Claim or other matter released pursuant to this Release Agreement; (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters released pursuant to this Release Agreement; and (iii) any breach of representations, warranties or covenants hereunder by Releasing Parties or its Constituents.

7. Miscellaneous.

7.1 ***This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.***

7.2 ***This Release Agreement, together with the agreements referenced herein, constitute the entire understanding between and among the parties hereto with respect to the subject matter hereof.***

7.3 ***This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the parties and electronic signatures appearing on this Agreement shall be deemed to be the***

same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

7.4 *This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns.*

7.5 *The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties hereto, and shall have no applicability in construing this Release Agreement or the terms of this Release Agreement.*

7.6 *Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.*

7.7 *Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.*

7.8 *This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The Release Agreement may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties are relying upon any representation, warranty, agreement or covenant not set forth herein.*

7.9 *This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Release Agreement would not be enforceable under the laws of California, and if the 911 Restoration Franchised Business is located outside of California and such provision would be enforceable under the laws of the state in which the 911 Restoration Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 7.9 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation to which it would not otherwise be subject. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought in Los Angeles County, California, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.*

This Agreement does not apply with respect to claims arising under the Washington Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the Effective Date.

FRANCHISOR:

911 RESTORATION FRANCHISE INC.,
A California corporation

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____,
A _____

By: _____
Name: _____
Title: _____

OWNER:

_____, an individual

Exhibit H

Supplement to 911 Restoration Franchise, Inc. Franchise Disclosure Document

**SUPPLEMENT TO 911 RESTORATION FRANCHISE, INC.
FRANCHISE DISCLOSURE DOCUMENT**

We have one (1) franchisee who qualifies as an Area Developer based upon (i) the size of the franchisee's territory and (ii) the age of the franchisee within the 911 Restoration franchise system. Because of these factors, we have granted this franchisee a different royalty structure than other franchisees as follows:

This Area Developer pays royalties as follows:

1. Mitigation Royalties

- a. 10% on all mitigation projects ("Mitigation Royalties") until the Mitigation Royalties in a calendar year have equaled \$100,000;
- b. When the Mitigation Royalties have exceeded \$100,000 for a calendar year, the 10% is reduced to 6% for the remainder of the calendar year, starting in the next calendar month, to be reset to 10% each January 1st, provided that Area Developer: (i) accepts and services all National Account related jobs assigned to its territory, (ii) maintains a full-time business development manager on staff, and (iii) remains in full compliance with all terms and conditions of the franchise agreement. If Area Developer fails to meet any of these conditions at any time, the Mitigation Royalty rate shall immediately revert to 9% for the remainder of the calendar year;
- c. 1% on all construction projects, there being no reduction in the percentage being paid on construction projects.

2. Large Losses

- a. Large Losses are defined for the Area Developer as a project, which is generated by the Area Developer and for which Area Developer receives no less than \$150,000 in Gross Revenue; are located in Area Developer's territory; and that were not received through a National Account.
- b. As a Large Loss, Area Developer's royalties are as follows:
 - i. 5% if the Gross Revenue on the Large Loss is between \$150,000 and \$500,000;
 - ii. 4.5% if the Gross Revenue on the Large Loss is between \$500,000 and \$750,000;
 - iii. 4% if the Gross Revenue on the Large Loss is between \$750,000 and \$1,000,000; and
 - iv. 3.5% if the Gross Revenue on the Large Loss is over \$1,000,000.

Except for what is stated herein, the Area Developer's fee structures and obligations under the franchise agreement are unchanged.

Exhibit I

SBA Addendum

ADDENDUM TO FRANCHISE AGREEMENT (SBA LOAN)

This **ADDENDUM TO FRANCHISE AGREEMENT (SBA LOAN)** (this “**Addendum**”) is entered into as of _____, 20____, by and between 911 RESTORATION FRANCHISE INC., a California corporation (“**Franchisor**”), and _____ (“**Franchisee**”), and amends that certain Franchise Agreement between the parties dated _____, 202____ (the “**Franchise Agreement**”). Capitalized terms used but not defined herein have the meanings set forth in the Franchise Agreement.

RECITALS

WHEREAS, Franchisor maintains a listing of its franchise brand on the U.S. Small Business Administration (“**SBA**”) Franchise Directory, which requires Franchisor to certify that its franchise agreements comply with SBA Loan Program Requirements; and

WHEREAS, Franchisor and Franchisee also desire to agree to certain amendments to the Franchise Agreement if Franchisee is obtaining a loan from a lender that participates in certain programs of the SBA.

NOW, THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the parties agree as follows:

1. **Definitions.** As used in this Addendum: (a) “Franchisee-Owned Real Estate” means any real property owned by Franchisee or an affiliate of Franchisee at which the Franchised Business is operated. (b) “ROFR” means any right of first refusal, right of first offer, or option to purchase held by Franchisor under the Franchise Agreement.

2. **Amendments to Franchise Agreement.**

(a) If Franchisee is obtaining a loan through a lender participating in a program of the U.S. Small Business Administration (an “**SBA Loan**”) in connection with the Franchised Business, the following terms apply:

(i) Notwithstanding anything to the contrary contained in the Franchise Agreement, Franchisee has paid Franchisor \$_____ as a deposit (the “**Deposit**”) to be applied against the Initial Franchise Fee.

(ii) If the SBA Loan is not funded in full within ninety (90) days after the Effective Date (the “**Funding Deadline**”), such circumstance shall be a default of the Franchise Agreement and Franchisor shall have the right, but not the obligation, to terminate the Franchise Agreement upon written notice to Franchisee.

(iii) If Franchisor terminates the Franchise Agreement as a result of the default described in clause (ii) above, Franchisor shall refund fifty percent (50%) of the Deposit to Franchisee; the remaining fifty percent (50%) shall be deemed fully earned by Franchisor and non-refundable.

(iv) If the Funding Deadline has elapsed without full funding of the SBA Loan, Franchisor may, in its sole discretion: (A) terminate the Franchise Agreement as aforesaid and refund fifty percent (50%) of the Deposit; or (B) extend the Funding Deadline for such additional period as Franchisor determines appropriate in its sole discretion, upon written notice. Any such extension is not a waiver of Franchisor's right to terminate the Franchise Agreement and retain 50% of the Deposit if the SBA Loan is not fully funded by the expiration of any extended Funding Deadline.

(v) During the period between execution of the Franchise Agreement and full funding of the SBA Loan, Franchisor may continue to market the Territory to third parties. If Franchisor grants a franchise in the Territory before the SBA Loan is funded, Franchisor shall offer Franchisee an alternative territory, subject to availability and Franchisor's then-current qualification requirements.

(b) Notwithstanding any contrary provision of the Franchise Agreement, Franchisor may not exercise any ROFR or option to purchase with respect to a less-than-entire interest in the Franchised Business where the proposed transferee is a current owner of Franchisee or a family member of a current owner of Franchisee. This Section does not limit Franchisor's rights with respect to a transfer or assignment of Franchisee's entire interest in the Franchise Agreement or Franchised Business.

(c) Notwithstanding any contrary provision of the Franchise Agreement, Franchisor shall not unreasonably withhold, condition, or delay consent to any transfer or assignment of the Franchise Agreement or Franchised Business. Franchisor may impose reasonable conditions on its consent in accordance with Section 15.1.3 of the Franchise Agreement.

(d) Notwithstanding any contrary provision of the Franchise Agreement, upon or following a default or termination of the Franchise Agreement, Franchisee shall not be required to sell any Franchisee-Owned Real Estate. Franchisor may require Franchisee to lease Franchisee-Owned Real Estate to Franchisor or its designee for the remainder of the then-current Term (excluding renewal terms) at fair market rental value, as determined by a mutually selected licensed commercial real estate appraiser if the parties cannot agree within thirty (30) days, the cost of which shall be shared equally.

(e) Notwithstanding any contrary provision of the Franchise Agreement, Franchisor shall not record against any Franchisee-Owned Real Estate any restriction on the use of such property, including any restrictive covenant, branding covenant, environmental use restriction, deed restriction, lien, or encumbrance relating to the Franchised Business or Franchisor's proprietary marks. If any such restrictions are currently recorded against Franchisee-Owned Real Estate, Franchisor shall promptly cause them to be removed.

(f) Notwithstanding any contrary provision of the Franchise Agreement, any right of Franchisor to assume a lease of Franchisee-Owned Real Estate shall not be recorded against such real estate, and any such assumption right and any associated attornment obligation shall be subordinate in all respects to any deed of trust, mortgage, or security instrument held by any SBA-approved lender.

(g) Notwithstanding any contrary provision of the Franchise Agreement, Franchisor shall not unilaterally share, commingle, or withdraw funds from any bank account of Franchisee, except for: (1) regularly scheduled payments expressly required by the Franchise Agreement; and (2) payments specifically authorized by Franchisee in writing in advance.

(h) Notwithstanding any contrary provision of the Franchise Agreement, Franchisee shall retain meaningful oversight over the operations of the Franchised Business, including: (1) day-to-day operational control (compliance with Franchisor's quality, marketing, and operations standards shall not be construed to deprive Franchisee of such control); (2) authority to approve the annual budget; (3) control over the Franchised Business's bank accounts, subject to withdrawals permitted by the Franchise Agreement; and (4) the right to employ all individuals operating the Franchised Business as employees of Franchisee.

3. **Miscellaneous.** Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Franchise Agreement remain in full force and effect as originally written and signed. In the event of any conflict between the terms of this Addendum and those in the Franchise Agreement, the terms of this Addendum shall control. This Addendum is made a part of the Franchise Agreement. This Addendum may be executed in counterparts, and electronic signatures shall have the same legal effect as original signatures.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first written above.

FRANCHISOR:

911 RESTORATION FRANCHISE INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Exhibit J

Early Renewal Addendum

**EARLY RENEWAL ADDENDUM TO THE
911 RESTORATION FRANCHISE, INC.
FRANCHISE AGREEMENT**

This **EARLY RENEWAL ADDENDUM TO THE 911 RESTORATION FRANCHISE AGREEMENT** (“**Addendum**”) is entered into as of _____, 20____, by and between 911 RESTORATION FRANCHISE INC., a California corporation (“**Franchisor**”), and _____ (“**Franchisee**”), and amends that certain Franchise Agreement between the parties dated _____, 202____ (the “**Franchise Agreement**”). Capitalized terms used but not defined herein have the meanings set forth in the Franchise Agreement.

RECITALS

A. Franchisee and Franchisor are parties to that certain Franchise Agreement dated _____ (the “**Existing Agreement**”), pursuant to which Franchisor granted Franchisee the right to operate a 911 Restoration Business.

B. Franchisor has developed a new form of franchise agreement which it currently offers to new and renewing franchisees in connection with the operation of 911 Restoration Businesses under the System and Proprietary Marks.

C. The parties desire to mutually terminate the Existing Agreement and simultaneously enter into the Franchise Agreement, subject to the modified terms and conditions set forth in this Addendum.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. **Mutual Termination of Existing Agreement.** Effective as of the Effective Date, the parties hereby mutually agree to terminate the Existing Agreement in its entirety. Upon such termination: (a) all rights and obligations of the parties under the Existing Agreement shall cease, except for those obligations that expressly survive termination pursuant to the terms of the Existing Agreement, including without limitation post-term covenants not to compete, confidentiality obligations, and the obligation to pay all amounts accrued and owing to Franchisor prior to the Effective Date; (b) the Franchise Agreement shall be the effective contract between the parties relating to the applicable Franchised Business; and (c) the mutual termination effected by this Section shall not constitute a termination for cause and shall not give rise to any liquidated damages obligations under the Existing Agreement.

2. **Royalty Fee and Minimum Royalty Modification.**

(a) Notwithstanding anything to the contrary in Section 8.4 (and the subsections thereof) of the Franchise Agreement, the following modified minimum royalty schedule shall apply to Franchisee in lieu of the standard minimum royalty schedule set forth therein. The minimum royalty shall be calculated commencing from the Effective Date of this Addendum as the greater of: (i) nine percent (9%) of Franchisee’s Gross Revenue for Restoration

Services and three percent (3%) of Franchisee's Gross Revenue for Non-Restoration Services; or (ii) (1) \$500 per month during months 1-6; (2) \$750 per month during months 7-12; (3) \$1,500 per month during months 13-24; (4) \$2,000 per month during months 25-36; (5) \$2,500 per month during months 37-48; and (6) \$3,500 per month thereafter.

(b) For purposes of calculating royalties and monthly minimums, all Territories owned by Franchisee as of the Effective Date that are serviced from a single location pre-approved in writing by Franchisor as per existing franchise agreements they signed (an "**Approved Multi-Territory Headquarters**") shall be aggregated and treated as one franchise. For the avoidance of doubt, this Section does not authorize the combination or merger of franchised businesses that were not previously approved by Franchisor to be operated from an Approved Multi-Territory Headquarters as a single business prior to the Effective Date, and no new combinations of territories shall be approved pursuant to this Section.

3. **National Advertising Fund.** Notwithstanding anything to the contrary set forth in the Franchise Agreement, commencing in the first (1st) month following the Effective Date, Franchisee shall contribute to the National Advertising Fund an amount equal to the greater of: (i) one percent (1%) of Franchisee's Gross Revenue for such month; or (ii) one hundred dollars (\$100) per month. All other terms and conditions governing the National Advertising Fund as set forth in the Franchise Agreement shall remain in full force and effect.

4. **Business Development Manager Requirements.**

(a) Notwithstanding the requirements of Exhibit I of the Franchise Agreement, for the first six (6) months following the Effective Date, an owner of Franchisee may serve as the Business Development Manager ("**BDM**"), provided that such owner: (i) strictly complies with all BDM requirements set forth in Exhibit I of the Franchise Agreement; (ii) actively collaborates with Franchisor's designated sales trainer; (iii) attends all required meetings and training sessions; and (iv) utilizes the designated Customer Relationship Management system ("**CRM**") in accordance with Franchisor's then-current requirements. Upon the expiration of such six (6) month period, Franchisee must employ a dedicated full-time BDM who is not an owner of Franchisee and who meets Franchisor's then-current qualifications as set forth in Exhibit I of the Franchise Agreement.

(b) Notwithstanding subsection (a) above, Franchisee may share a single local BDM across up to two (2) franchised business for a maximum period of twelve (12) months following the Effective Date, subject to Franchisor's prior written approval and Franchisor's ongoing satisfaction with the BDM's performance. Upon the expiration of such twelve (12) month period, or earlier upon Franchisor's written notice that the shared BDM arrangement is not meeting Franchisor's performance standards, Franchisee must employ a dedicated full-time BDM for each separate franchised business (regardless of whether such businesses are operated from an Approved Multi-Territory Headquarters) who is not an owner of Franchisee and who meets Franchisor's then-current qualifications as set forth in Exhibit I of the Franchise Agreement.

5. **Term of New Franchise Agreement.**

(a) If the Franchised Business has been operating under the Existing Agreement for fewer than twelve (12) months, then the term of the Franchise Agreement shall commence on

the Effective Date and expire on tenth (10th) anniversary of the Effective Date. For the avoidance of doubt the New Term will expire on _____.

(b) If the Franchised Business has been operating under the Existing Agreement for twelve (12) months or more, then the term of the Franchise Agreement shall commence on the Effective Date and will expire ten (10) years after the expiration date of the Existing Agreement (had it not been terminated pursuant to this Addendum) (the “**New Term**”). For the avoidance of doubt the New Term will expire on _____. By way of illustration only, if Franchisee has two (2) years remaining under the Existing Agreement as of the Effective Date, Franchisee’s total remaining franchise term shall be twelve (12) years.

(c) Notwithstanding the foregoing, Franchisee shall not be entitled to a second renewal term under the Existing Agreement upon the expiration of the New Term; any renewal rights shall be governed exclusively by the terms of the Franchise Agreement.

6. **Initial Fees.** In lieu of the Initial Franchise Fee, Initial Training Fee, and Business Launch Fee, Franchisee shall pay to Franchisor:

(a) upon execution of the Franchise Agreement, the renewal fee required to be paid upon the renewal (or similar term) of the Existing Agreement; plus

(b) a buyout fee (“**Buyout Fee**”) to be paid and calculated as follows:

(i) *Standard Calculation (Franchisees Operating for Twelve (12) or More Months).* For any Franchisee that has been operating under the Existing Agreement for a period of twelve (12) or more consecutive months as of the Effective Date, the Buyout Fee shall be calculated as follows:

(1) Determine the total royalties actually paid by Franchisee to Franchisor for the twelve (12) month period immediately preceding the Effective Date, calculated at the royalty rates in effect under the Existing Agreement (the “**Historical Royalty Amount**”);

(2) Recalculate the royalties that would have been payable by Franchisee for the same twelve (12) month period had the discounted royalty rates available to Franchisee under Exhibit I of the Franchise Agreement been in effect during such period, based on Franchisee’s actual Gross Revenue for such period (the “**Discounted Royalty Amount**”) (without combining or aggregating franchise businesses operated out of the same location);

(3) Subtract the Discounted Royalty Amount from the Historical Royalty Amount to determine the annualized royalty savings (the “**Annual Savings**”);

(4) Multiply the Annual Savings by the number of full years remaining in the term of the Existing Agreement as of the Effective Date (the “**Remaining Term**”), to determine the total projected savings over the Remaining Term (the “**Total Projected Savings**”); and

(5) The Buyout Fee shall equal one-third (1/3) of the Total Projected Savings.

By way of illustration only: if the Historical Royalty Amount is \$90,000 and the Discounted Royalty Amount is \$80,000, the Annual Savings is \$10,000. If the Remaining Term is three (3) years, the Total Projected Savings is \$30,000, and the Buyout Fee is \$10,000 (i.e., $\$30,000 \times 1/3$).

(ii) *Short-History Calculation (Franchisees Operating for Fewer Than Twelve (12) Months)*. For any Franchisee that has been operating under the Existing Agreement for fewer than twelve (12) consecutive months as of the Effective Date, the Buyout Fee shall be calculated as follows:

(1) Determine the average monthly royalties actually paid by Franchisee to Franchisor during all full calendar months of operation under the Existing Agreement prior to the Effective Date, calculated at the royalty rates in effect under the Existing Agreement (the “**Average Monthly Royalty**”);

(2) Annualize the Average Monthly Royalty by multiplying it by twelve (12) to determine the projected annual royalty amount (the “**Projected Annual Royalty**”);

(3) Recalculate the projected annual royalties that would have been payable by Franchisee had the discounted royalty rates available to Franchisee under Exhibit I of the Franchise Agreement been in effect, applied to the same annualized Gross Revenue base (the “**Projected Discounted Annual Royalty**”);

(4) Subtract the Projected Discounted Annual Royalty from the Projected Annual Royalty to determine the projected Annual Savings;

(5) Multiply the projected Annual Savings by three (3) years to determine the Total Projected Savings; and

(6) The Buyout Fee shall equal one-third (1/3) of the Total Projected Savings.

By way of illustration only: if the Average Monthly Royalty is \$5,000, the Projected Annual Royalty is \$60,000 (i.e., $\$5,000 \times 12$). If the Projected Discounted Annual Royalty is \$50,000, the projected Annual Savings is \$10,000, the Total Projected Savings is \$30,000 (i.e., $\$10,000 \times 3$), and the Buyout Fee is \$10,000 (i.e., $\$30,000 \times 1/3$).

(iii) Franchisor shall calculate the Buyout Fee in accordance with this Section and provide Franchisee with a written statement setting forth the calculation in reasonable detail (the “**Buyout Fee Statement**”) within fifteen (15) days following the Effective Date. The Buyout Fee shall be due and payable in full within thirty (30) days of Franchisee’s receipt of the Buyout Fee Statement. In the event Franchisee disputes the calculation set forth in the Buyout Fee Statement, Franchisee shall notify Franchisor in writing within ten (10) days of receipt thereof, and the parties shall cooperate in good faith to resolve any such dispute within fifteen (15) days thereafter. Pending resolution of any

such dispute, Franchisee shall pay the undisputed portion of the Buyout Fee by the applicable due date. The Buyout Fee is non-refundable once paid and shall not be subject to offset or reduction for any reason.

7. **Amendment to Exhibit I to the Franchise Agreement.** Notwithstanding anything to the contrary contained in Exhibit I to the Franchise Agreement, the second term discount in Exhibit I shall apply on and after the 7th anniversary of the Effective Date.

8. **General Release.**

(a) Franchisee and each of the Owners, each for itself and its heirs, executors, administrators, representatives, successors, assigns, officers, directors, shareholders, employees, partners, owners, and affiliates (collectively, the “**Franchisee Releasing Parties**”) hereby fully and forever unconditionally release and discharge Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, and affiliates (collectively, the “**Franchisor Released Parties**”), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, which the Franchisee Releasing Parties may have against the Franchisor Released Parties, that in any way relate to the Existing Agreement or the relationship between the parties, excluding the offer and sale of the Franchise Agreement.

(b) The Franchisee Releasing Parties covenant and agree not to pursue any action nor seek any damages or remedies for any released claims.

(c) The release of claims set forth in Section 8(a) is intended by the Franchisee Releasing Parties to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the Franchisee Releasing Parties regardless of whether any unknown, unsuspected or unanticipated claim would materially affect the Franchisee Releasing Parties entering into this Addendum. In making this voluntary express waiver, the Franchisee Releasing Parties acknowledge that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the Franchisee Releasing Parties’ intention to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This release is and shall be and remain a full, complete and unconditional general release.

THE PARTIES ACKNOWLEDGE THEY ARE FAMILIAR WITH SECTION 1542 OF THE CALIFORNIA CIVIL CODE WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

FRANCHISEE AND OWNERS EACH EXPRESSLY WAIVE AND RELINQUISH ANY AND ALL RIGHTS AND BENEFITS WHICH THEY MAY HAVE UNDER, OR WHICH MAY BE

CONFERRED UPON THEM BY, THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AS WELL AS UNDER ANY OTHER SIMILAR STATE OR FEDERAL STATUTE OR COMMON LAW PRINCIPLE, TO THE FULLEST EXTENT THAT THEY MAY LAWFULLY WAIVE SUCH RIGHTS OR BENEFITS, EXCEPT AS SET FORTH HEREIN.

9. **Miscellaneous.** Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Franchise Agreement remain in full force and effect as originally written and signed. In the event of any conflict between the terms of this Addendum and those in the Franchise Agreement, the terms of this Addendum shall control. This Addendum is made a part of the Franchise Agreement. This Addendum may be executed in counterparts, and electronic signatures shall have the same legal effect as original signatures.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date first written above.

FRANCHISOR:

911 RESTORATION FRANCHISE INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit K

Receipts

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If 911 Restoration Franchise Inc. offers you a franchise, 911 Restoration Franchise Inc. must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If 911 Restoration Franchise Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency Identified on **Exhibit A**.

The franchisor is 911 Restoration Franchise Inc., located at 7721 Densmore Ave., Van Nuys, California 91406. Its telephone number is (888) 243-6653.

Issuance Date: JUNE 11, 2026

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Miri Offir, 7721 Densmore Avenue, Van Nuys, CA 91406; (747) 233-2618;

We authorize the persons and/or entities listed on **Exhibit A** to receive service of process for us.

I have received a Disclosure Document dated JUNE 11, 2026 that included the following Exhibits:

Exhibit A	List of State Administrators and State Agents for Service of Process
Exhibit B	Franchise Agreement (with Conversion Addendum)
Exhibit C	State Specific Addenda
Exhibit D	List of Current Franchisees and Franchisees Who Have Left the System
Exhibit E	Financial Statements
Exhibit F	Franchise Compliance Certificate
Exhibit G	Form of General Release
Exhibit H	Supplement to 911 Restoration Franchise, Inc. Franchise Disclosure Document
Exhibit I	SBA Addendum
Exhibit J	Early Renewal Addendum
Exhibit K	Receipts

Date

Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: Miri Offir at 911 Restoration Franchise Inc., 7721 Densmore Ave., Van Nuys, California 91406 or by fax to (818) 373-4860.

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Exhibit I	SBA Addendum
Exhibit J	Early Renewal Addendum
Exhibit K	Receipts

Date

Franchisee

Keep this copy for your records. This Disclosure Document may be available in several formats including on paper, on a CD, in pdf format or on our website: www.911restorationfranchise.com.